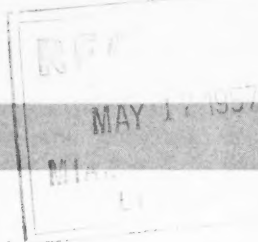




# Bulletin



Vol. XXXVI, No. 933

May 13, 1957

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ICIAL

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THE DEPARTMENT OF STATE

# Bulletin

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## The Middle Eastern Policy of the United States

by William M. Rountree

*Assistant Secretary for Near Eastern, South Asian and African Affairs*<sup>1</sup>

I welcome the opportunity to be with you this evening and to discuss the policy of the United States with respect to the Middle East. The topic of your 2-day meeting, "The Middle East and Free World Security," admirably fits the framework within which the United States Government has approached and continues to approach the issues in this area.

Security is a matter of supreme importance, to nations and to peoples, throughout the world. The absence of security provides ground for those fears and suspicions which are the roots of instability. Its presence creates an atmosphere of confidence within which a people can build constructively for the future.

In any discussion of American policies in the Middle East we can properly lay heavy stress on the importance of the United States support for the independence and territorial integrity of each of the countries in the region. In a broad sense their security is our security. If they feel themselves strong and recognize our sincere interest, and the interest of others, in their future, fruitful cooperation on matters of common concern becomes possible. Once effective support for their independence, sovereignty, and integrity is assured, many of the other problems we face together become easier of solution.

In stressing our keen concern for the preservation of the independence of other nations, we seek to make clear the sincere and unselfish nature of that concern. Our interest arises naturally from our own traditions of freedom and independence

and from a deep awareness of the consequences to other nations, to the free world, and to ourselves of the loss of true sovereignty by any nation.

We are, ourselves, dependent upon other nations. We need from them political and moral support. We need also from them material goods for our economy. Our long history of interdependence with the nations of Western Europe illustrates how we can achieve these objectives best through dealing on a basis of respect and equality with free, prosperous, and independent countries. American support for the independence and sovereignty of the nations of the Middle East seeks to create that same kind of strong relationship.

So long as freedom is preserved among the Middle Eastern countries and the historic efforts of Russia to seize control of the area continue unavailing, we can expect to accomplish many other objectives of American policy on the basis of the completely mutual interests between ourselves and the sovereign nations. We can, for example, expect the continued supply throughout the world of the area's mineral resources. Such resources are of value to the states possessing them only if they find markets among the world's consumers. They are of value to us only if our access is assured by friendly, stable, and sovereign governments. We can, similarly, expect the continued availability of transportation and communications facilities in this vital crossroads of the world when these nations are secure in their relationships with us. We can look forward to a continuation of all forms of commercial intercourse with friendly countries on a basis advantageous to them and to ourselves.

There is a myth I have heard in the Middle East

<sup>1</sup> Address made before the National Academy of Economics and Political Science, Brookings Institution, at Washington, D. C., on Apr. 24 (press release 245).

that the United States seeks to keep the nations in the area undeveloped and thus subservient. This myth, widely circulated by Communists, states that we can only obtain what we want in the way of raw materials and markets if these nations remain poor and undeveloped. Nothing is, of course, farther from the truth. The more these nations rise to their full potentialities of development and to their full stature as sovereign entities, the more fruitful will be our relationship.

I am certain that the great majority of the peoples of the Middle East have the same desire as we for close, friendly, and beneficial relations and for the dignity and recognition that a strong, free nation commands. Yet today, among some of the nations of the area, there is fear and turmoil, suspicion of the West, courting of the Communist East, confusion. Why?

### **Threats to Sovereignty**

The sovereignty and territorial integrity of the nations of the Middle East are threatened by several factors. Each factor creates opportunities for irresponsible exploitation by Communist elements, who seek not stability but the chaotic instability that opens the door to their advances. These factors and their exploitation by the Communists impede also the development of that relationship of mutual interest and common benefit between ourselves and the nations of that area which we strive continually to foster.

Let us begin with nationalism. This is in itself a good thing. True nationalism represents, in fact, the expression of that independence and sovereignty which we seek to support. But the banner of nationalism can be picked up by emotional, xenophobic, and unconstructive elements. In certain disturbed countries, nationalist slogans are used to arouse street mobs and to terrorize many who work in the true interests of their nation.

The extremes of nationalism are fed and stimulated in part by the bitter emotions arising from disputes between and among nations of the area. There are quarrels over boundaries, dynastic differences, and disputes between governments in power in individual nations. Of the many disputes, that between the Arab States and Israel is the deepest and its consequences the gravest. When nations of the area, as do those in the Arab-Israel area, believe their security threatened by

each other, they become less conscious of threats from outside. We work continually, both directly and through the United Nations, to find means by which this dispute in its many ramifications can be moved nearer to a peaceful settlement. Until there is progress in this long, slow struggle to relieve tensions caused by such local disputes, many of the countries will not be in a position to achieve that confident independence which is the basis for a relationship of common interest with other nations of the world. As these disputes continue, so also will the opportunities for those who, for varying ends, seek to perpetuate the state of insecurity and instability which now characterizes some parts of the area.

Much has been heard of the role of colonialism in the present situation in the Middle East. The tragedy today is that much of the good that came from past relationships has been forgotten, while slogans divert attention from the new colonialism of the Soviet Union.

The approach of the Soviet Union and its satellites to the Middle East is irresponsible. The Soviet Union has not worked constructively to seek solutions to many of the problems of the area but has, on many occasions, blocked solutions to serve its own ends. Soviet contributions to the economic progress of the region have been slight. Having few responsibilities, the Soviets can adopt with ease the slogans of popular extremes and assume credit for sentiments spoken, even where actions are not taken. The Soviet actions in Europe and the Far East seem remote to some of the peoples of the area, primarily concerned, as they are, with problems of a more local character. Reports of Soviet activities are often discounted as "imperialist" propaganda. Many heretofore unconvinced, however, are beginning to see the transparency of the Soviet moves.

In enumerating in a general way some of the factors with which we must deal, we do not wish to imply that they are common to all the nations of the Middle East. While some are present in varying degrees in every country, many of the nations, such as those joined together in the Baghdad Pact, are taking active steps to guarantee their independence and security. Iraq has demonstrated in its development program the benefits of establishing confidence and of the wise use of its revenues. Turkey is a staunch ally in NATO and a member of the Baghdad Pact. Pakistan



has demonstrated its appreciation of the meaning of free-world cooperation in both the Baghdad Pact and SEATO. Iran has remained firm in its decision to support collective security. We have established with these nations the type of cooperation for mutual benefit we seek with all free nations.

There are other nations which, for a variety of reasons, prefer not to be aligned formally with any group of nations for the purposes of collective security. These nations, such as India and Saudi Arabia, command our respect for their alert safeguarding in other ways of their freedom and integrity. Our greatest concern today lies in that area affected by the Arab-Israel dispute, where many factors threaten the stability and independence of sovereign nations and where emotions arising in a troubled area sometimes dull the awareness of greater threats to their freedom. Even in this area, however, the United States has substantial and valued friends. Indeed, if one undertakes a country-by-country survey of the area, the extent to which the United States enjoys close and mutually beneficial relations with the nations is really impressive.

#### **U.S. Approach to Middle East Problems**

The problems we face are complex, as are the reasons for many of the fears, the suspicions, and the hesitations which now occasionally mark our relationship with Middle Eastern peoples. We have the conviction that our purpose in the area is an honest one, expressing a genuine interest in the long-term welfare and security of the peoples and nations in that region.

We have the advantage that many regard us as a staunch friend. Our philanthropic and religious institutions were among the first from the West to enter the Middle East. Their influence is still felt. As new nations were created in the area, we welcomed them as we are now welcoming those new nations being created in Africa. Our interest today in these countries is founded on an interest we have long held and expressed.

United States policy in the area today approaches burning problems, first, on a basis of impartiality. The United States seeks earnestly to use its influence in the interests of resolving the various disputes within the area. To be effective in the long run, that influence must be exerted from a position of impartiality. We cannot af-

ford to be swayed by the emotional positions and sentiments of any side. Our effectiveness remains only so long as we enjoy the confidence of all sides—even though we may disappoint many by not supporting their position.

We approach these problems, too, on a firm basis of principle. We seek a world where international law is respected and defined. The events of last October demonstrated conclusively to the peoples of the area our dedication to the principles of the United Nations Charter. As Secretary of State Dulles said to the Associated Press luncheon last Monday:<sup>2</sup>

Our dedication to the principles of the United Nations Charter was severely tested by the recent Middle East crisis. We were then faced with a distressing and unprecedented conflict of loyalties. Historic ties would have led us to acquiesce in the forcible action that was begun. But this would have involved disloyalty to the United Nations undertaking that all members renounce the use of force except in defense against armed attack. That same pledge is also embodied in all our treaties of alliance. We decided to be loyal to that commitment.

We seek, too, the strengthening of those international organs which have been created to consider and resolve disputes among nations. We have worked closely with and through the United Nations in many of the most critical problems of the area, particularly those related to the Suez Canal and the Arab-Israel dispute. In our view the charter of the United Nations prescribes not only the means for a peaceful settlement of disputes but also for settlement in conformity with justice and international law.

We have also worked through the United Nations in meeting the serious situation created by the Arab refugees from Palestine. Substantial United States financial support has been given through the United Nations Relief and Works Agency to maintain these people. In so doing we give concrete evidence of our concern over this problem and our support for the activities of the United Nations.

Working directly to lessen the consequences of disputes and to seek settlements where this can effectively be done is, of course, only a part of our policy. An important part is that which seeks to build constructively, on the basis of mutual respect and interest, strong economies and defenses in the free nations of the Middle East.

<sup>2</sup> BULLETIN of May 6, 1957, p. 715.

Our economic assistance programs in most of the area have been relatively modest in size, yet throughout the region there is testimony to their effectiveness. In some cases, that effectiveness can be measured in substantial U.S. contributions to the economic development of the country as a whole. In other cases, the United States has supplied a technical element required to support development programs financed almost wholly by the local country. The impact cannot always be measured on a national scale, but the impact of the programs is known to be substantial.

Economic development can only proceed where there is an element of security and a freedom from fear of external or internal threats. We have sought to build that element of security through military assistance to those countries primarily threatened by the Soviet menace. The United States has not formally adhered to the Baghdad Pact, but it has indicated its firm support through membership in the various committees of the pact and through declarations stressing our belief in the principles of collective security. On November 29, 1956, for example, the Department said, referring to the Baghdad Pact nations:<sup>3</sup>

The United States reaffirms its support for the collective efforts of these nations to maintain their independence. A threat to the territorial integrity or political independence of the members would be viewed by the United States with the utmost gravity.

### The American Doctrine

More recently, the President proposed and Congress passed the joint resolution<sup>4</sup> which forms the basis of what has come to be known as the American Doctrine. In this the United States seeks to define its clear interest in the preservation of the independence and integrity of the nations of the area in the face of threats from within and without posed by international communism. It seeks, further, to provide a basis on which economic and military assistance can be used to meet immediate

threats arising out of Communist activities and to provide authority under which the President could, when requested by nations of the area, commit United States forces to defend against Communist aggression. The President summed up his purposes in his message to Congress on January 5:<sup>5</sup>

The policy which I outline involves certain burdens and indeed risks for the United States. Those who covet the area will not like what is proposed. Already, they are grossly distorting our purpose. However, before this Americans have seen our nation's vital interests and human freedom in jeopardy, and their fortitude and resolution have been equal to the crisis, regardless of hostile distortion of our words, motives and actions. . . .

The occasion has come for us to manifest again our national unity in support of freedom and to show our deep respect for the rights and independence of every nation—however great, however small. We seek not violence, but peace. To this purpose we must now devote our energies, our determination, ourselves.

Ambassador James Richards is currently on what has been to this point a highly successful tour of the Middle East, explaining this doctrine and discussing aspects of it with leaders of each government.<sup>6</sup> His trip alone has served as strong evidence of the interest of the United States in the area and has given strength to those who share with us concern at the inroads of international communism.

No one of these aspects of our policy represents the total policy. Our total policy has a basic objective of supporting the independence and territorial integrity of the nations in the region in order that they may develop internally, stand strong in the face of threatened aggression, and cooperate with us on the basis of equality and respect. We believe such nations provide the key to peace.

<sup>3</sup> *Ibid.*, Jan. 21, 1957, p. 83.

<sup>4</sup> For a Department announcement of an interim report on Ambassador Richards' mission to the Middle East, together with texts of joint communiques issued following his visits in eight countries, see *ibid.*, May 6, 1957, p. 724. For texts of subsequent joint communiques, see p. 763.

<sup>3</sup> *Ibid.*, Dec. 10, 1956, p. 918.

<sup>4</sup> For text, see *ibid.*, Mar. 25, 1957, p. 481.

## Iran: An Appreciation

by Selden Chapin  
Ambassador to Iran<sup>1</sup>

Several years ago the British magazine *Punch* published an acid little cartoon that I have since found occasion to recall from time to time. The cartoon depicted two old soldiers sitting morosely in their club reading the *London Times*. One of them was saying, "I see that the Americans have taken umbrage," to which his companion replied, "Gad, Sir! Where's that?"

I suppose these fine, fierce old gentlemen assumed that the sun was setting on another outpost of empire. It may even be that they thought "Umbrage" the ancient name for Iran.

I hasten to say that, as far as I know, it is not, nor has the United States made any effort to "take" Iran. The cartoon does, however, state a common misconception, and I mention it for that reason.

Not only in London clubrooms but in Asian villages a certain number of people appear to believe that one of the objectives of United States foreign policy is to substitute American for European influence throughout the world. In the case of Iran I think that this misconception, which at one time enjoyed great currency, particularly among intellectuals, is steadily vanishing. The happy day may eventually arrive when United States foreign policy will be regarded on its merits and not as a substitute for something else.

There are good reasons, I think, for Iran's growing awareness of the purpose behind our policies. One of the most apparent reasons is that Iran-American cooperation has produced tangible benefits to both countries and has strengthened, not weakened, Iranian sovereignty. Some of these

mutual benefits I shall refer to presently in more detail.

### History of Iran

Another reason grows out of Iran's long and eventful history. After the brilliant and creative years of the great Persian dynasties, years of enormous religious, military, and cultural achievement, there came a long period of decline in Persian influence. After the fall of the Safavid dynasty in the 18th century this decline was rapidly accelerated. As Persian authority diminished abroad, foreign authority increased at home. Ottoman Turkish influence, which had been dominant during the Safavid period, came into conflict with the interests of the European powers, who were anxious to contain the imperial growth of the Ottoman Turks. By the time of the Napoleonic Wars Persia found itself under varying degrees of pressure from the French, the English, the Russians, and the Germans. It was a precarious position that was to endure for many years.

Napoleon conceived of the Persians as a useful ally against Russia and in his long-planned march to India. Accordingly, he engaged in extensive correspondence with the Persian ruler, Fath Ali Shah, and in 1807 a treaty was concluded between France and Persia under the terms of which Napoleon agreed to furnish military equipment and instruction to the Persians. William S. Haas in his book, *Iran*, published in 1946 by Columbia University, quotes a characteristic excerpt from the Shah's correspondence with Napoleon:

Every word in the noble lines is like a drop of amber on pure camphor or like the perfumed curls on the rosy cheeks of a beloved with a bosom of lilies . . . the amber

<sup>1</sup>Address made before the Foreign Affairs Council at New York, N. Y., on Apr. 24.

scent of the gracious document has embalmed the alcove of our souls so susceptible to friendship and has perfumed with musk the secret chamber of our hearts filled with justice and loyalty.

Be that as it may, Mr. Haas notes that the Franco-Persian alliance came to nought. Napoleon was within a decade of Waterloo, and Persia was to continue for more than a hundred years seeking a balance between opposing forces.

The Persians are a subtle and intelligent people, and there is no more striking testimony to this fact than Persia's traditional skill in effecting a balance of power among stronger states. But the game has its drawbacks, however skillfully played. The slightest dislocation in the balance can bring disaster. Ancient Persia suffered invasion from Alexander, the Arabs, Genghis Khan, and Tamerlane. Modern Iran was a battlefield for British, Russian, and Turkish troops in World War I and suffered occupation in World War II. The cost to the Iranian people in terms of their national pride has been excessive and goes far to explain Iran's national personality today.

The playwright, George S. Kaufman, is credited with remarking, "One man's Mede is another man's Persian." The Iranians are, of course, the descendants of both. Persian history has been made not only by warriors but also by poets, scientists, and philosophers. Nowhere in the world is intellectual and artistic achievement more honored than in Iran. There is a graceful charm that seems characteristic of the Iranian temperament. I have also heard it called poetic or mystic. In any event it sharply distinguishes the Iranians from their practical and hardheaded neighbors, the Turks, and from the brooding melancholy of their other near-neighbors, the Russians. Iranians are quick-witted, warm, and somewhat skeptical. The hard times that Iran has experienced, the long period of eclipse, have caused some Iranians to cling to past glories rather than face an uncertain future.

The present Shah's father, Reza Shah, sought to modernize Iran in much the same way that Kemal Ataturk reshaped the character of Turkey. That Reza Shah was somewhat less successful may only mean that his task was more formidable. His son, Reza Shah Pahlevi, who has succeeded his father in this challenging task, may yet bring changes to Iran of a more permanent and constructive nature.

## **New Concept of Foreign Policy**

All of this will require time, dedication, and infinite wisdom. National assumptions, once established, are as durable as crab grass and just as hard to uproot. But as nations grow and pass from one phase to another, the mentality of the people must change with the times. The United States has seen many of its own assumptions modified in the past decade. Our years of splendid isolation are gone beyond recall, and we have been forced to assume responsibilities abroad that we never sought. The choice for Iran is no less difficult. Having survived so long by the judicious arrangement of countervailing alliances, it has required real courage for Iran to abandon the traditional assumptions of Persian diplomacy and take a forthright stand with the free world.

Iran's membership in the Baghdad Pact is tangible evidence that a new concept of Iranian foreign policy is emerging. It is, I believe, a wiser and more realistic concept than the old one. It promises greater benefits to Iran and to the Iranian people. But we should recognize that Iran's decision has not been an easy one. In the difficult years that lie ahead the United States will doubtless find both the need and the opportunity to assure Iran of the wisdom of its new course.

In significant respects we have already done so. Since 1949 the United States has extended approximately \$280 million worth of economic, technical, and military assistance. But I mean something more than our aid programs, important though they are. I mean that the United States has shown that it respects Iran's sovereign independence and expects others to do so. Furthermore, we have supported Iran's sovereignty abroad without challenging it at home. Iranians are understandably sensitive to implications of interference in their internal affairs. It is a sensitivity born of unhappy experience. Iranians appreciate our economic aid and the support that we have given them in international affairs, but I think they respect equally the fact that we have not sought political concessions in exchange for our aid. This, it seems to me, provides the best assurance that our interest in Iran will continue to be understood and trusted by the Iranian people.

Our concern for Iran since the war was fore-



shadowed in the Tehran Declaration of 1943, signed by Roosevelt, Churchill, and Stalin at the conclusion of the Tehran Big Three Conference. In that document the three powers made the following pledge:

With respect to the post-war period, the Governments of the United States, the U.S.S.R., and the United Kingdom are in accord with the Government of Iran that any economic problem confronting Iran at the close of hostilities should receive full consideration, along with those of other members of the United Nations, by conferences or international agencies held or created to deal with international economic matters.

The Tehran Declaration added that the three powers were "at one with the Government of Iran in their desire for the maintenance of the independence, sovereignty and territorial integrity of Iran."

We know that within little more than 2 years the Soviet Union had already broken its pledge by refusing to evacuate Soviet military forces from the northern provinces of Iran. The Azerbaijan crisis of the winter of 1945-46, in which the United States strongly supported Iran's complaint to the Security Council, put the United Nations to its first important test. The eventual withdrawal of Soviet forces was a victory not only for Iran but for the U.N.

#### The Oil Crisis

The ensuing period was not, however, a stable one. Intense feelings of Iranian nationalism were seeking release. They found it, in March 1951, in the nationalization of Iranian oil. I shall not retrace the tangled course of the oil problem. Those were somber days for Iran and its friends. The singular figure of Dr. [Mohammad] Mosadeq dominated the news from Iran, and in January 1952 *Time* magazine selected him Man of the Year over the caption, "He greased the wheels of chaos." Iranian oil production came to a virtual standstill, diplomatic relations with Britain were broken, and conditions within Iran steadily deteriorated.

The Soviet Union, whose predatory ambitions had been rebuffed in 1946, sought to make the most of Iran's problems. The Communist Tudeh Party, which had been outlawed in Iran in 1949, increased its strength and organization. Cleverly, international communism remained in the background at first, pushing forward the more

extreme left-wing, which proceeded, step by step, to eliminate the influence of constructive Iranian nationalists.

By the spring of 1951 it had become clear that, if Iran was to be saved from foreign Communist domination, urgent assistance would have to be given. The United States strengthened its military and gendarmerie assistance and training missions, which had already been operating in Iran for several years, and allocated special economic and technical aid to help the Iranians stave off collapse. It was apparent, however, that no lasting solution of Iran's economic problems would be possible without a settlement of the oil problem. American diplomacy concentrated its efforts toward that end. It was during this period that Secretary Dulles appointed Herbert Hoover, Jr., as his Special Assistant to work on the oil problem. The efforts of Mr. Hoover and Loy Henderson, then American Ambassador in Tehran, were vitally important to the final settlement of the dispute.

Meanwhile Communist pressure on Dr. Mosadeq was intensified. The Communists and extreme nationalists were determined to obstruct a fair settlement. In March 1953, after a series of arduous and complicated negotiations between the Iranian Government and our Embassy, the Mosadeq government, under pressure from the extremists, rejected proposals which were of a most reasonable nature. Clearly the Mosadeq government was unwilling or unable to accept equitable terms for a settlement. Iran's political situation was bad. The economic situation was growing worse. Dr. Mosadeq had to obtain foreign budgetary aid or face national bankruptcy.

In May 1953 he sent a letter to President Eisenhower in which he intimated that, if the United States could not give Iran budgetary aid at once, Iran might be compelled to turn elsewhere, presumably to the Soviet Union. The President in his reply indicated that, so long as Iran was not prepared to do its utmost to exploit its own natural resources, it could not expect budgetary aid from the United States.<sup>2</sup>

Events rapidly approached a climax. Iran was at the crossroads. It must either find a solution

<sup>2</sup> For text of the exchange of letters, see BULLETIN of July 20, 1953, p. 74.



to the oil problem or risk total collapse. The Shah moved to dismiss Dr. Mosadeq, but the extreme nationalists, spurred on by the Communists, openly defied the Shah. In the hot days of mid-August 1953, the showdown occurred. The Shah's supporters rallied to unseat the extremists. A new government under General [Fazlollah] Zahedi was installed and promptly set to work repairing the damage of the previous 2 years. The United States, in response to an urgent plea from the Prime Minister, extended \$45 million in emergency aid to Iran in September 1953 to assist the Zahedi government through its immediate difficulties.<sup>3</sup>

A year later, in August 1954, an agreement was signed between the Iranian Government and an international consortium, initially formed by eight oil companies, which restored the flow of Iran's oil to world markets and the flow of oil revenues to the Iranian treasury.<sup>4</sup> The United States was instrumental in bringing this agreement about, and it has proved a profitable one for Iran. Just how profitable may be inferred from the fact that Iran's share of oil revenues last year approximately tripled the amount received by Iran during its best year under the old agreement.

There are two conclusions that I would like to draw from this summary of Iran's postwar problems and the solutions eventually achieved. The first is that the oil settlement provides a striking example of the ability of the United States to bridge differences between our traditional allies in Europe and the emerging nations of Asia. In the negotiations between the consortium and Iran we sought neither to supplant the British nor to stand aloof. Instead we agreed to share with the interested parties the responsibility for reaching an equitable agreement. The present composition of the consortium reflects this fact, 40 percent of the shares being British, 40 percent American, 15 percent Dutch, and 5 percent French. Our willingness to assume a fair share of the responsibility—and the risk—in reaching accommodations between the European powers and Iran is, in my view, the key to our role there and distinguishes it from that of a mere go-between or broker. United

States influence in the oil negotiations became decisive only as the United States became ready to commit its prestige to a settlement. The result was a settlement that serves the legitimate interests both of Iran and the consortium members.

#### The Role of the Soviet Union

My second conclusion relates to the role of the Soviet Union, whose relations with Iran could almost be said to constitute a laboratory sample of Soviet foreign policy in the postwar period. In one of Evelyn Waugh's novels, a satire on the newspaper business called *Scoop*, a young foreign correspondent is ushered into the austere presence of his employer, the publisher of an aggressively conservative newspaper called *The Beast*. The young man is anxious to know the paper's foreign policy. The publisher, with a growl, informs him that, "*The Beast* stands for strong, mutually antagonistic governments everywhere."

The Soviet Union, I should say, stands for *weak*, mutually antagonistic governments everywhere, and nowhere are they more interested in weak governments than in neighboring countries like Iran. Moscow has employed a wide variety of tactics to weaken Iran, ranging from outright occupation of Iranian territory in Azerbaijan to organized subversion through the Tudeh Party. Soviet spokesmen tried to threaten the Iranians when Iran joined the Baghdad Pact and to flatter them when the Shah visited Moscow.

By this time I think that the Iranians are well conditioned to these sudden fluctuations in the Soviet barometer. The Shah has provided especially effective leadership in developing and maintaining a realistic Iranian policy toward the Soviet Union. He has consistently affirmed that Iran has no aggressive intentions toward the Soviets while making clear that Iran will not permit itself to be pushed around by the Russians. The Shah's trip to the Soviet Union last fall is a case in point. Some observers believed that the trip would prove to be a mistake and that the Soviets would embarrass or compromise the Shah during his visit. They were wrong. The Shah handled his trip with great skill and dignity. He demonstrated that leaders of the free world need not travel to Moscow with hat in hand, paying hypocritical compliments to Caspian caviar and the Moscow subway.

<sup>3</sup> *Ibid.*, Sept. 14, 1953, p. 349.

<sup>4</sup> For messages and statements concerning this agreement, see *ibid.*, Aug. 16, 1954, p. 230.

## U.S. Support for Iran

I have said that the United States during the oil controversy provided a bridge between the interests of Europe and Iran. What can we do to assist Iran is resisting Soviet pressure? The answer is threefold. In the first place, we can continue to give Iran strong support, both public and private, against this overt foreign pressure. Our most recent enunciation of such support has, of course, been through the Eisenhower Doctrine. In the second place, we can continue to assist Iran in strengthening its own internal position against organized Communist subversion. The United States military and gendarmerie assistance missions, working in close cooperation with the Iranian authorities, are doing an effective job in this field. In the third place, we can help the Iranians achieve steady economic and social progress so that basic grievances which the Communists seek to exploit will be eradicated once and for all. In this area our programs of economic and technical assistance have made important contributions.

I would emphasize that these three types of assistance are only effective when they are truly cooperative and when they supplement the efforts of the Iranians themselves. The United States has no wish to do for Iran what that country can do better for itself. The resources of Iran are great, and I mean not only natural resources like oil but also human resources, the intellectual fiber and aptitude of the Iranian people and the foresight of their leaders. The Shah and his recent Prime Minister, Mr. Hosein Ala, are well and favorably known in the United States. I am confident that the new Prime Minister, Dr. Manuchehr Eqlal, who visited this country a year ago and who is a vigorous and forceful personality, will add greatly to the record of constructive achievement of the past 3 years.

There is a Persian proverb that says, "The stream of renovation flows quickly toward the East." In my remarks to you this evening I have tried to show how swiftly the stream of renovation is beginning to flow through Iran. Out of the long and intricate Persian past, new concepts and new assumptions are emerging. Iran is in process of creating nothing less than a new national tradition. Not only Iran's progress, but its very survival, depends on the firm establishment of that tradition, which Iran's northern neighbor, the

Soviet Union, is determined to frustrate. The United States, for its part, intends to assist the Iranian people in realizing their goal of unassailable independence and prosperity. We are doing so by extending Iran both diplomatic and material support. The results of our close friendship and cooperation are highly encouraging and should be a source of satisfaction, though not complacency, for both Iran and the United States. Iran's future promises great achievements which may yet surpass the events and discoveries of a brilliant past.

## Ambassador Richards' Mission to the Middle East

*Following is a press statement issued at the conclusion of Ambassador James P. Richards' visit to Yemen, together with the texts of the joint communiques issued following his visits to Ethiopia and the Sudan.<sup>1</sup>*

### Press Statement, Sana'a, Yemen, April 15

Press release 235 dated April 23

I have just completed a very useful and interesting 4-day [April 11-15] visit to Yemen, during which I held talks with the Imam, the Crown Prince, and other Yemeni officials.

My talks were held in a friendly spirit which I believe resulted in increased understanding of President Eisenhower's policy for the Middle East. The talks, I believe, will promote even closer relations between Yemen and the United States in the future.

My visit did not result in the initiation of an aid program for Yemen. I am, however, recommending that further discussions toward this end should be held at the appropriate time.

### Ethiopia Joint Communique

ADDIS ABABA, ETHIOPIA

April 18, 1957

Press release 236 dated April 23

At the invitation of His Imperial Majesty's Government, Ambassador James P. Richards,

<sup>1</sup>For an announcement of an interim report on Ambassador Richards' mission to the Middle East, together with texts of joint communiques and press statements issued prior to the visits to Ethiopia, the Sudan, and Yemen, see BULLETIN of May 6, 1957, p. 724.

Special Representative of the President of the United States, visited Addis Ababa from the 15th to the 18th of April, 1957. In the course of audiences granted by His Imperial Majesty, cordial and useful talks were had in regard to matters of common interest. Discussions were, subsequently, pursued with the Minister for Foreign Affairs.

Ambassador Richards explained the new policy of the United States toward the general area of the Middle East. He stated the conviction of the American Government that the peoples of the Middle Eastern area and the people of America have a common interest in their joint efforts to preserve liberty and freedom through the maintenance of security against international communism.

Ambassador Richards emphasized that it is the policy of the President of the United States and the American Government, if necessary and if requested, to use the armed forces of the United States to help any nation in the area that may be subjected to armed attacks by a country under the control of international communism.

Ambassador Richards made it clear that the United States Middle East policy does not seek to establish any sphere of influence or fill any power vacuum in the region, nor does it aim at securing military bases. The policy is solely designed to strengthen the nations of the area so that they can maintain their independence and territorial integrity.

The Ethiopian Government explained in full to Ambassador Richards its policies in regard to the problems discussed and gave its cordial support to the American doctrine, stressing the importance of close collaboration between the countries of the general area of the Middle East. In behalf of the President of the United States, Ambassador Richards welcomed the recognition of the continuing common interest in resisting the threat of international communism and the establishment of their understanding of the broad identity of interests existing between the two countries.

There was complete agreement on the opposi-

tion of both governments to aggression from any source and their determination to use all legitimate means to prevent it.

The discussions further demonstrated that the Governments of Ethiopia and the United States are anxious to work together to the end that the following principles shall prevail in international relations:

1. Respect for the sovereign equality of all nations under the charter of the United Nations;
2. Protection of the right of all nations to choose their own form of government without interference;
3. Nonintervention and noninterference in the internal affairs of one state by another;
4. Recognition of the interdependence of nations and the obligation of nations to respect the just rights and interests of other states.

The Ethiopian Government discussed with Ambassador Richards the possibilities of economic and military assistance under the American doctrine. He has agreed to provide certain assistance in both fields. This will be in addition to other assistance previously agreed upon.

#### **Sudan Joint Communiqué**

KHARTOUM, SUDAN

*April 22, 1957*

Press release 233 dated April 22

On the invitation of the Government of the Republic of the Sudan, Ambassador James P. Richards, Special Representative of the President of the United States, visited Khartoum from April 20 to 22.

In friendly discussions with the Prime Minister, the Minister of Foreign Affairs, and other representatives of the Sudan Cabinet, he explained the character and purposes of United States policy toward the Middle East as recently set forth by President Eisenhower and exchanged views regarding this policy. The Sudan Government welcomed the clarification provided by Ambassador Richards, and it was agreed that the matter would be given further study.

## Secretary Dulles' News Conference of April 23

Press release 237 dated April 23

*Secretary Dulles:* I will be glad to hear questions.

*Q. Mr. Secretary, does the United States have any plans to report on the Suez Canal negotiations to the Security Council perhaps this week? And could you tell us what, if any, progress you believe has been made in the lengthy talks that Ambassador Hare has been having with the Egyptian Government?*

A. We have been having discussions with the Egyptian Government, at its invitation, about the regime which will apply to the operation of the Suez Canal. Those have been going on for about a month. And, also, during this same period the Secretary-General of the United Nations has been having talks on the same topic. Now that the canal is generally open for traffic, it seems to us that there should be more general public knowledge. In view of the fact that last October the Security Council laid down what it calls six principles<sup>1</sup> or requirements, and in view of the fact that the Security Council remains seized of the matter, as a result of the proposal which I then made, it does seem to us appropriate that there should be an early report made to the Security Council and perhaps through the Security Council to the world.

You asked a second question, I think, as to what progress has been made. That question I cannot answer because we do not yet know what the final decisions of the Egyptian Government will be with respect to certain aspects of this matter and what the declaration of the Egyptian Government, when made, will contain.<sup>2</sup> I don't know at the present time; therefore, I can't appraise the result.

*Q. Mr. Secretary, do you expect that this an-*

<sup>1</sup> For text, see BULLETIN of Oct. 22, 1956, p. 616.

<sup>2</sup> For text of Egyptian declaration transmitted to the U.N. Secretary-General on Apr. 24, see p. 776.

*nouncement will be made from Cairo within 48 hours, which is one report this morning?*

A. I have no official information to guide me in that respect at all.

*Q. Does the plan, as you understand it, now embrace any or all of the six operating principles approved by the Security Council in October?*

A. As I say, I can't answer those questions, because, while we have had a rather full exchange of views with the Egyptian Government on these matters, we do not yet know, and will not know until the declaration is made, to what extent our point of view will be taken account of.

*Q. Do you expect to take the issue to the Security Council tomorrow or Thursday perhaps?*

A. Possibly, although we are waiting on advices from Ambassador Hare. And I wouldn't like to use the word "issue"—it is merely keeping the Security Council informed.

*Q. Mr. Secretary, does that mean that no action will be sought in the Security Council and that it will be merely a report to the Security Council?*

A. That's my thought as to the way it would probably be handled. Of course, I can't assume the responsibility for what other countries may do. But I would not think it was appropriate at this time to take the matter to the Council in a controversial way.

*Q. In the meantime, Mr. Secretary, do we have any objections if American ships go through the canal? The reason I ask is that one ship is reported approaching the canal and will be in a position to start its voyage through by Thursday.*

A. No, we have no objection. Our position in the matter remains as it was announced, I think, some 10 days or 2 weeks ago, where we made a declaration, I think, or statement of advice, to the shipping companies, which I think referred to the use of prudence because of the certain difficulties



that still existed. We have not changed that guidance. Of course, you will recall that they are under instructions to pay the Egyptian authority only under protest because of the fact that there may be conflicting claims made by the old Universal Suez Canal Company.

*Q. Would they be exercising prudence now if they went through the canal? (Laughter)*

A. Well, I don't know. I think that is a judgment that each shipowner, shipmaster, or owner of the company, will have to decide for himself—how prudent it is. One of the dangers that we foresaw at that time was the danger that there might still be obstructions to navigation. I assume that that danger is somewhat diminished by the fact that a good deal of traffic has already gone through without any untoward incidents. But that does not necessarily prove that the danger is entirely over.

*Q. Mr. Secretary, if Egypt rejects the U.N. six points, which they originally agreed to, what is the next move from our viewpoint?*

A. Well, I prefer not to engage in speculation on that point, because we do not know to what extent, if at all, the Egyptian declaration will reject the six principles.

#### **U.S. Views on Liberation of Satellites**

*Q. Mr. Secretary, presumably the subject of liberation of the satellites strikes the Soviets at one of their rawest nerves, yet you chose to add new point to the subject yesterday. Could you tell us the significance of this timing? Does this mean that something has been going on within the Soviet Union that makes the Russians sensitive to outside pressure of this kind?*

A. We have constantly emphasized our view about the liberation of the satellites for a long time, and in any general review of our basic foreign policy considerations I think that would have to be included. You may recall that we have never, out of deference to Soviet feelings, hidden our views about that subject. President Eisenhower brought it up at the Summit Conference. That was a conference which was supposed to lead to the improvement of our relations. But we made it perfectly clear there—President Eisenhower made it clear—that freedom of these cap-

tive nations was in our opinion essential, both from the standpoint of better relations between our two countries and from the standpoint of peace. And that theme has been repeated again and again. I don't think the President has made any major speech on foreign policy since then when he hasn't brought the subject up. And, indeed, to make a review of our basic policy considerations and not to bring that up would itself be a significant step backward.

*Q. Mr. Secretary, there seems to be a feeling in Moscow that the climate is more favorable now for another East-West conference, possibly at the diplomatic level. What would your feelings be on that line?*

A. Well, I think a good deal depends upon what the Soviets themselves are prepared to do in relation to such matters as disarmament, the treatment of the satellites, the reunification of Germany. I don't know what is in their minds. If they are prepared to move forward along these fronts, we would welcome that very much; but if the only purpose is to seek an opportunity for a new propaganda drive, then we wouldn't be very enthusiastic about it.

*Q. Mr. Secretary, at the Bermuda conference, Mr. Macmillan presented a memorandum on the British position on the U.S. wool import tariff quota. Is the State Department going to take any action on this, such as favoring a lighter quota in the trade agreements committee?*

A. Well, he may have presented a memorandum on the subject, but it escapes my notice. That doesn't mean that he didn't do it, or that it is not important, but I just don't remember about it at the moment.

*Q. Mr. Secretary, in connection with the Japanese Prime Minister's forthcoming visit to this country, there has been a renewed agitation in Japan for the return of Okinawa and the other Ryukyus to Japan. You have told us before that this could not be done until there was no tension in the Far East. Is the U.S. position still the same?*

A. Yes. We agreed with the Japanese at the time that those positions were important to be held until there was an assurance of stability and peace in the Far East, in the Pacific area. I do



not think that it can be said that there has been any such change in that sense as would justify a reconsideration of that matter at the present time. Now, as you know, we have never ourselves sought to acquire the ultimate sovereignty of those islands. That remains with Japan, and we do not look upon this arrangement as a permanent arrangement. We do believe, and I think the Japanese would agree, that nothing should be done there which would so weaken the defensive posture of the free countries as would encourage an aggressive move on the part of the Communists.

#### Disarmament Talks

*Q. Mr. Secretary, can you possibly, sir, expand on the very brief description of our disarmament talks in London as being the most serious negotiations we have had to date.<sup>3</sup> Does that mean that there has been any breakthrough of any kind, sir, or could you expand on it at all?*

A. Well, they seemed to us to be the most serious in the sense that the Soviet representatives had indulged less in public propaganda in connection with these discussions and have had more talks of a quiet, sober character, which have not been pushed into print in some distorted way. We infer from that that they may be more serious than they have been heretofore. I indicated in my talk yesterday<sup>4</sup> that we do look forward to possibly moving ahead by careful steps, carefully chosen and carefully safeguarded. I think a great deal will depend upon the new instructions that their representative, Mr. Zorin, brings back with him from Moscow when he returns tomorrow for the resumption of the talks in London.

*Q. Mr. Secretary, in your speech yesterday you said the world is divided into two parts, one despotism and the other free, and that there is no safe middle ground. Now, do you mean that there can be no neutralism?*

A. I think I said that it was divided between a world of despotism and a world of nations which were free because they accepted the implications of interdependence. And I went on to point out that I felt that a nation which rejected the implications of interdependence would not for long remain free, because only as the free nations help

each other in various ways, through collective defense, through economic ties, and the like, do they have the strength to resist the threat that comes from international communism. I referred to the fact that there had been a period when nations pretty much stood alone, during which period the Soviet Communists had stolen the independence of no less than 12 other nations, and I do not think that nations which try to stand absolutely alone are safe. Now, I was not speaking of—I didn't use the phrase—"neutralism" because, as I have said before, "neutralism" is a word which has so many connotations that it is extremely difficult to use the word without being misunderstood in one quarter or another. I think I used the phrase "accepting the concept of interdependence," and I think that that is perhaps a better way to put it.

*Q. Is Governor Stassen going back to London with new ideas or new instructions?*

A. No. There has been no effort to provide new instructions because we believe that the instructions which he has already adequate to deal with the situation insofar as it has developed to date. There could be new developments which would call for new instructions, but again we cannot tell that until we know what the attitude is of the Soviet representative when he returns.

*Q. Are we waiting for Mr. Zorin to come back with new ideas and new instructions?*

A. Well, we are waiting to see whether the instructions which Mr. Stassen now has, and which are quite comprehensive and quite flexible, are or are not adequate to deal with the situation which may be presented by Mr. Zorin.

*Q. Mr. Secretary, would you give us your estimate as to why the Soviet Government has chosen this particular time to make public its correspondence between Bulganin and Mr. Mollet—the pre-October 29th correspondence?*

A. No, I can't say why they chose this time. I would guess that they felt it would have perhaps some useful propaganda effect in the Middle East.

*Q. Mr. Secretary, there was an interview with the new Prime Minister of Jordan today, in which he stated that he did not want Ambassador Richards to visit the country at this particular time. Has Mr. Richards received any instructions to that effect?*

<sup>3</sup> See p. 772.

<sup>4</sup> BULLETIN of May 6, 1957, p. 715.

A. No. We are in daily communication with Ambassador Richards on the subject of the balance of his program, and no conclusions have been reached at this time. Naturally, he is not going to go to any country where he is not welcome.

*Q. Mr. Secretary, following up that question just a little bit, the Government of Jordan seems to be in imminent danger of falling under the more direct influence of Cairo or Moscow, or both. Could you clarify your understanding of the situation for us? And do you think, getting back to the subject of interdependence, that it would help or hinder the situation if they embraced the Eisenhower Doctrine now—meaning the Jordanians?*

A. The Eisenhower Doctrine is perhaps nothing that is sufficiently tangible to be "embraced," you might say. (Laughter) It is an attitude, a point of view, a state of mind. We have great confidence in and regard for King Hussein, because we really believe that he is striving to maintain the independence of his country in the face of very great difficulties and he does not want to see Jordan fall under the domination of other countries which have indicated a desire to work contrary to what the King considers to be the best interests of his country. It is our desire to hold up the hands of King Hussein in these matters to the extent that he thinks that we can be helpful. He is the judge of that. I think perhaps that covers the question adequately.<sup>5</sup>

*Q. Mr. Secretary, in your speech yesterday you made no mention whatever of Communist China. Did you consider that Communist China was included in your reference to the satellite countries,*

<sup>5</sup>At a news conference at Augusta, Ga., on Apr. 24, James C. Hagerty, Press Secretary to the President, said that he had been authorized to say that both the President and the Secretary of State regarded the independence and integrity of Jordan as vital. On Apr. 25, Lincoln White, Acting Chief of the News Division, Department of State, told news correspondents: "I can only say with respect to Jordan that the statement issued in Augusta yesterday afternoon represented a reminder to the world by the President that a finding had been made in the Joint Resolution of the Congress on the Middle East that the preservation of the independence and integrity of the nations of the Middle East was vital to the national interest of the United States and to world peace. This reminder was appropriate because of the threat to the independence and integrity of Jordan by international communism as King Hussein himself stated."

*or do you see another relationship between Moscow and Peiping?*

A. I doubt that Communist China is a satellite country in the same sense, or the same degree, that the Eastern European satellites are. I would say that there is perhaps this difference: I think that both the Soviet Union and Communist China are under the domination of what might be called international communism. I believe that the countries of Eastern Europe that we call the satellites are, you might say, in addition under the domination of the Soviet Union as a state, and in that respect there is perhaps a difference between the two.

#### **Question of Permitting Newsmen To Go to Communist China**

*Q. Mr. Secretary, on that point the Associated Press Board of Directors at a meeting yesterday disagreed with the Government's policy of preventing newsmen from visiting Red China, and they said again that they believed that it is time that qualified newsmen should be allowed to report firsthand from the mainland of China. Now, the last time we discussed this with you, you said the whole question was under active consideration. Could you tell us now, sir, what the outlook is for a possible change in this policy?*

A. Both Under Secretary Herter and I have been giving careful study to the problem of the United States news reporters going to Communist China.

The Department would be glad to have the American public get information about Communist China firsthand through United States correspondents. On the other hand, we are not willing to permit Americans generally to go into Communist China, where the Trading With the Enemy Act still applies and where Americans already in Communist China are being held in Chinese prisons as political hostages. The question is whether we can have a passport policy which will permit responsible news gathering and at the same time not permit a general influx of Americans into Communist China.

Suggestions have been made to the Department that the newsgathering community itself come up with a proposal for a strictly limited number of responsible correspondents to go to Communist China on behalf of that newsgathering com-

munity as a whole. We felt that such a selective experiment could be made consistently with our general policy.

We have had a considerable exchange of views on this topic, but so far no proposal has been made to us which would meet the newsgathering objective and not lead to a general breakdown of restrictions deemed important in the national interests.

We continue to be receptive to concrete suggestions which the newsgathering community may wish to put forward, and we also continue to study the matter ourselves.

*Q. Mr. Secretary, didn't you have a dual policy in the case of the Middle East when you had the embargo on Israel, Syria, and Egypt? You were allowing some newsmen to go in there, at the same time forbidding the general public to go in.*

A. I'm not aware of the fact that we had such a dual policy there, but you may be right. I don't know.

*Q. Well, assuming that I'm right—and I believe I am—would you then be willing to apply that policy to Communist China, if it is in fact the precedent?*

A. Well, since you're asking me to compare something with what to me is the unknown, I'd rather avoid getting into that.

*Q. Mr. Secretary, on this same subject, the reports and photographic coverages of the three correspondents—the three American correspondents—who did go into Communist China in defiance—if that is the word—of State Department restrictions have been widely disseminated in this country. Do you feel that those reports and pictures were an advantage to the Communist regime and a damage to us?*

A. We do not think that any objective reporting will be of advantage to the Communist regime or a disadvantage to us. I have tried to make clear, but apparently don't succeed in doing so, that our policy is not in any respect designed to cut off a flow of news about what conditions are, what the facts are, within Communist China. It is a question of whether or not it is appropriate at this time to break down a barrier against Americans generally going into Communist China at

a time when we are in a sense still in a state of war, at a time when Americans are subject to gross mistreatment already in Communist China, at a time when Communist China is seeking desperately to build up a pattern of so-called cultural exchanges with the Western countries, which it thinks will enable it to increase its hold over some of the countries of the Far East.

Now, that is the problem. It is not a problem of our being worried in any respect about what the facts are. The more the American people know the facts about Communist China, the better pleased we are.

*Q. Mr. Secretary, is there pressure coming into the State Department from other groups besides newspaper organizations to go to Communist China?*

A. Not at the moment, but I think it is a fact, and indeed it is conceded to be the fact by the leading figures in the newspaper world with whom we talk, that probably the granting of some passports in that respect will lead to demand for others and those in turn for others. We asked them whether they felt that they could get an agreement, let us say, within the newsgathering fraternity, that a certain number of people would go on sort of a pool basis on behalf of them all. After an inquiry and study they came back—although they made that suggestion themselves originally—and reported they did not think it would be practical to do that.

*Q. Sir, I was speaking of other than newsgathering organizations.*

A. Well, you see, you don't have a very clear-cut line between newsgathering and other organizations. You have got all sorts of things. You have got pictures, you have got study of culture, you have got the study of medicine, you have got the study of all sorts of things that are going on in there, and I don't think—and nobody else has been able to suggest it to me—a clear-cut line that can be drawn. If somebody will come up with a suggestion as to how to draw a clear-cut line so that we can say those who fall on one side of the line can get passports and those on the other side of the line can't, we will be really glad to consider that. We hoped the news people would themselves be able to come up with a suggestion. So far they are bankrupt of any such idea, as we are.



*Q. Mr. Secretary, on that point, you said in your earlier answer that you felt such a selected experiment could be made.*

*A. Yes.*

*Q. Is that still your view, sir?*

*A. Yes, sir.*

*Q. Mr. Secretary, this weekend Senator Javits made public an exchange of letters with the Department concerning the continued discrimination against United States soldiers of Jewish faith on our airbase in Dhahran. In a letter replying to the State Department's explanation of its position regarding this matter, Javits said, "I do not get the impression from the Department's letter that there will be a determined and continuous effort to undo the injustices which I have described above with clear notice to the Government of Saudi Arabia that the actions set forth above are not tolerable within the friendship that is professed towards the United States on the part of Saudi Arabia and cannot be continued indefinitely." Could you tell us, sir, what efforts are being made to stop the discriminatory practices against American citizens, and will these efforts be continued until the practices are, in fact, stopped?*

*A. Well, that is a long question. I'm not sure, if you want to make questions as long as that, but what I ought to get some advance notice and perhaps have them in writing.*

*Q. I will try to do that.*

*A. But I will say this. The arrangement which we have, which covers the Dhahran airbase and the like, was originally made as a 10-year arrangement, subject to termination or renewal at the end of 5 years. Now, what has happened is that it has been renewed for a second 5-year period on the same terms that were originally laid down. We brought up the matter you alluded to during the talks that took place when King Saud was here. I did not find his attitude at that moment very receptive, largely perhaps, or partly at least, because of the fact that he felt that he had not been given nondiscriminatory treatment himself in the city of New York.*

*Q. Mr. Secretary, the President said recently on a number of occasions that he appointed Mr. Scott McLeod Ambassador to Ireland on your recom-*

*mendation. Sir, in view of the uproar that has erupted in Ireland over this appointment, can you tell us your view of Mr. McLeod's qualifications for the job?*

*A. I'm not aware of any uproar in Ireland.*

*Q. From the Irish press.*

*A. In the Irish press? I am not even aware of that. I will say that Mr. McLeod, after 4 years of service in the State Department, has, I think, shown that he possesses the qualifications to be a good ambassador. He has grown in stature and understanding; his knowledge of world affairs is very considerable. And I believe that he is well qualified. Obviously such a belief rests upon my personal judgment, but my personal judgment is based upon very close contact with him during this period and with his growing understanding of problems. This leads me to believe that he will be a good ambassador.*

*Q. Mr. Secretary, do you see any way that nuclear tests in the world can be brought to a halt outside of international disarmament? In other words, can the two be separated—nuclear tests and disarmament?*

*A. It would be, I think, rather difficult to separate them, though I wouldn't want to say in this field that it is impossible. I realize that in this field we are dealing with issues of such tremendous gravity that there is perhaps no course of complete safety, and that situations arise which require us to balance the risks of one course as against another. Therefore, I would not want to be as dogmatic or seem to be open only to a theoretically perfect and complete solution.*

*But one of the great difficulties, in this matter as in so many others, is we are dealing with a nation the government of which cannot be relied upon to carry out its undertakings, and where they could gain a very great advantage over us if there is no control of nuclear weapons and if research and development can go on perhaps secretly and all of a sudden be made available for the use of weapons under circumstances which might give them a very considerable and sudden advantage over ourselves. Those things have all to be weighed and appraised against the risks of having testing. At the moment, in the light of all the scientific information we can get, it does not appear that any testing which is in prospect is likely*

to have any appreciable effect upon the health situation. Therefore, we are not disposed at the moment to consider that the risks of continued testing are sufficiently great so that we should take great risks in another direction. But of course our attitude toward these matters is always subject to change in the light, perhaps, of further scientific information than is now available.

*Q. Mr. Secretary, a clarifying question on the reporters to Communist China matter. Is this experiment that you are willing to consider a one-shot proposition, that is, reporters going there on a pool basis, visiting Communist China and then coming back, or is this a permanent thing that you were willing to authorize?*

A. Well, I don't have a closed mind on that. I thought of it primarily, in the first instance at least, as a one-shot experiment to see how it would work and what the reaction of other peoples would be, whether it would lead to a very great demand on the part of passports for others—in which case we might have to discontinue it.

*Q. Mr. Secretary, may I ask, do you or the Government consider extending a similar invitation to Communist newspapermen to visit America before the Government decides to agree to let American newsmen go to the Communist regime?*

A. We have no intention of inviting Communist Chinese newspaper people to come to this country. I don't know that that has been suggested to us. But since any such passports would have to be issued by a regime that we do not recognize as a government, it would not be practical to give a visa for such people who had credentials only stemming from the Chinese Communist regime to come to this country.

*Q. Mr. Secretary, can you tell us if at any time during the past 4 years you considered firing Scott McLeod?*

A. Well, there was a point at the very first days of our administration when we did not always see eye-to-eye about everything, but those days have passed; and I really think that he has done an extremely able job on important matters upon which he has been engaged—the Refugee Act, for example, and things of that sort—and I merely repeat what I said before, that I have gained very great confidence in his ability and judgment,

his human understanding. I think he would be a good ambassador.

*Q. Mr. Secretary, Senator Mansfield of Montana has suggested the USIA have its budget cut this year, but it also ought to go back under the State Department. What do you think of the two halves of that proposal?*

A. I hope those are not considered as two sides of a cruel and unusual punishment.

*Q. Thank you, sir.*

## President of Viet-Nam To Visit U.S.

The Department of State announced on April 25 (press release 247) that arrangements have been completed for the arrival of Ngo Dinh Diem, President of the Republic of Viet-Nam, who will visit the United States at the invitation of President Eisenhower. President Diem and his party will arrive at Washington on May 8 and will remain until May 12, when they will depart for New York City.

## U. S. Reaffirms Support for Lao Government

Press release 239 dated April 24

*The following is the text of a note delivered on April 16, 1957, by the United States Government to the Ambassador of the Kingdom of Laos in Washington. Similar notes were delivered by the Governments of the United Kingdom and France to the Ambassadors of the Kingdom of Laos in London and Paris.*

In response to the request of the Royal Government of Laos to the Governments of the United Kingdom, France, and the United States for a statement of their policy towards Laos, the Government of the United States confirms its interest in the peace, sovereignty, independence, unity, and territorial integrity of the Kingdom of Laos. The Government of the United States therefore continues fully to support the principle of the complete authority of the Royal Government of Laos over all its territory. It maintains the hope that a political settlement and the reunification of Laos will be effected in accordance with the principles of the Geneva Agreements on



Laos of July 1954 and the Resolution of the International Control Commission of January 7, 1956.

The Government of the United States regrets that these objectives have so far been made impossible because the Pathet Lao forces, in spite of these Agreements and of the Resolution of the International Control Commission, have sought to place extraneous conditions upon their acceptance of the authority of the Royal Government and upon their reintegration into the national community.<sup>1</sup> The Government of the United States welcomes the firmness with which the Kingdom of Laos has resisted this maneuver and is confident that the Royal Government will continue in its determination that the political future of the Kingdom of Laos shall not be dictated by dissident groups enjoying no constitutional status.

### **Briefing on Negotiations of Disarmament Subcommittee**

*Following is the text of an agreed statement by Secretary Dulles and Harold E. Stassen, Special Assistant to the President, which was read to news correspondents on April 20 by Assistant Secretary Berding.*

In a meeting presided over by Secretary of State Dulles, Governor Stassen gave a briefing on the progress of the Disarmament Subcommittee session in London up to the time of the Easter recess. It has been decided that advantage should be taken of the Easter recess to discuss developments here prior to the resumption of talks in London on Wednesday [April 24].

Topics discussed included initial reduction of armaments and manpower on a reciprocal basis; arms inspection systems, both ground and air; the United States proposal for cutting off at a given date fissionable production for weapons purposes;

<sup>1</sup> In commenting upon the note in answer to queries from news correspondents, a Department spokesman on Apr. 24 gave as examples of the Pathet Lao conditions considered extraneous to the fundamental problem of reunification the following: (1) a neutrality involving the exchange of diplomatic representatives with the Communist bloc; (2) acceptance of economic and technical assistance from the Communist bloc, particularly Communist China; and (3) establishment of a coalition government which would include the Communists.

and the exchange of lists of armaments and blueprints.

It was thought that the negotiations thus far conducted warranted a continuation of a serious effort to reach an initial partial agreement for a first step, if proper safeguards for inspection and control are agreed to.

The meeting was attended by Admiral Strauss and representatives of the State and Defense Departments.

### **Reaffirmation of U.S. Policy on Disarmament**

*Statement by James C. Hagerty  
Press Secretary to the President*

White House press release dated April 23

The President received from Mr. Stassen a review of the London talks. The President followed these London discussions with interest. He had arranged with the Secretary of State to have Mr. Stassen come to Augusta to give him a personal report.

The President encouraged the United States delegation to follow through thoroughly in the resumed negotiations which will start again in London on Wednesday [April 24].

The President reaffirmed that United States policy is, as stated by the Secretary of State in his speech of yesterday, that:

We consider that controls and reduction of arms are possible, desirable, and, in the last reckoning, indispensable. It is not essential that controls should encompass everything at once. In fact, progress is likely to come by steps carefully measured and carefully taken.

Mr. Stassen will return this morning to Washington to confer again with the Secretary of State prior to leaving for London later this afternoon from New York City.

### **Question of Trade Embargoes Against Communist China**

*On April 20 the Department of State released the following statement on the subject of trade embargoes against Communist China.*

The United States has been repeatedly pressed by some of its allies to relax controls on trade with Communist China to the same level as those which apply to trade with the Soviet bloc.

We have been and are unwilling to agree to any relaxation which would result in an increased flow of strategic goods to Communist China. At the time of the Korean war, when the United Nations forces were attacked by the Chinese Communists, the United Nations established an embargo on shipment of strategic goods to Communist China. Communist China is still hostile, and controls have continued.

Heretofore, our allies have agreed to multilateral controls on trade with Communist China considerably more severe than on trade with the rest of the Communist bloc.

In an effort to meet the views of its allies and at the same time continue to maintain effective multilateral trade controls, the United States has informed the 14 nations which participate with it in multilateral controls that it is prepared to discuss certain modifications in the existing system.

The U.S. proposal was made to the embassies of the 14 countries in Washington during the past week.

Under this proposal certain items for peaceful use which now are embargoed by the multilateral control system for shipment to Communist China would be removed from controls and would be placed on the same basis as in the case of trade with the European Soviet bloc. Certain other items now embargoed to Communist China would continue under embargo and would be transferred to the European Soviet-bloc list but under a lesser degree of control.

The proposal would also involve a tightening of the "exceptions" procedure now in use.

It was emphasized to our allies that there is no change in United States policy with respect to trade with Communist China. The United States will continue its unilateral embargo on all trade with Communist China.

## United States Supporting Chile's Stabilization Effort

*Statement by Lincoln White  
Acting Chief, News Division<sup>1</sup>*

The United States has shown and continues to show its deep interest in the success of Chile's stabilization effort. It is lending substantial support to Chile in its courageous efforts to carry out

an enlightened policy designed to overcome the ruinous inflation which has been plaguing that country.

The U.S. Treasury is participating in a standby stabilization credit of \$75 million. In addition to prior loans totaling \$150 million, the Export-Import Bank since the inception of the stabilization program has made loans amounting to over \$47 million for Chile's steel and nitrate industries. The United States representative in the International Bank for Reconstruction and Development has supported substantial credits granted by the bank for Chile's economic development. The bank is understood to be considering additional credits.

Our agricultural sales program has made it possible for Chile's people to consume about \$40 million worth more of food and fibers than her limited exchange resources would otherwise have permitted. Important economic development projects are being carried out with local currency proceeds of these agricultural sales. Assuming that request for additional legislative authorization with respect to agricultural products is granted, we will then be in a position to consider additional such sales without impairing legitimate trade interests of other friendly nations.

Further progress along the road to economic strength and well-being will, of course, depend on the Chilean people's persistence in this great endeavor. In their efforts they can count on continued sympathetic support on a sound and economic basis from the United States, which is confident that Chile will find a solution to its difficulties consistent with its democratic traditions.

## U.S.-Canadian Negotiations On Potato Tariffs

Press release 192 dated April 5

The United States and Canada concluded negotiations on April 5 with respect to their trade-agreement concessions on potatoes. Notice of the intention of the United States to participate in these negotiations was given on February 4, 1957.<sup>1</sup>

The renegotiations were undertaken because of Canada's desire to adjust upward its tariff on potatoes. The renegotiations, which took place in

<sup>1</sup> Made to correspondents on Apr. 12.

<sup>1</sup> For text, see BULLETIN of Mar. 4, 1957, p. 860.

Washington, were authorized by the Contracting Parties to the General Agreement on Tariffs and Trade and were held under procedures provided in the March 10, 1955, "Declaration on the Continued Application of Schedules."

Agreement was reached on the basis of an upward modification of the Canadian concession on potatoes, which was initially negotiated with the United States in the general agreement, and a partial withdrawal of concessions which the United States had granted on potatoes in the agreement. The United States supplies most of Canada's imports of potatoes, and Canada is the principal supplier of United States imported potatoes.

As a result of the renegotiations, Canada intends to include in schedule V to the general agreement a modified concession providing a year-round duty of 37½ cents per 100 pounds on all imported potatoes, with the exception that new potatoes will be granted continued free entry during the period January 1 to June 14, inclusive. This concession replaces one which provided duty-free treatment for all imports of potatoes except for the period June 15 to July 31, inclusive, when the rate of duty was 37½ cents per 100 pounds.

The United States, as a result of the renegotiations, will modify its concessions on potatoes in part I of schedule XX to the general agreement which were initially negotiated with Canada. Under the trade-agreements legislation such modification in United States duties are given effect through Presidential proclamation, which it is anticipated will be issued in the near future.

The United States will decrease the existing 2.5-million-bushel tariff quota for seed potatoes by 600,000 bushels and the existing 1-million-bushel tariff quota for table-stock potatoes by 400,000 bushels. The most-favored-nation rate will remain 37½ cents per 100 pounds for imports within the new tariff quotas of 1.9 million bushels for seed potatoes and 600,000 bushels for table-stock potatoes. There will be no change in the existing escalator clause which provides that the tariff quota in any year for table-stock potatoes is increased by the amount that estimated United States production is less than 350 million bushels.

## Congressional Documents Relating to Foreign Policy

### 85th Congress, 1st Session

- Report on the Soviet Union, Poland and Czechoslovakia—August 1956. Report of Senator Russell B. Long on a study mission. October 29, 1956. 38 pp.
- Report of the National Advisory Council on International Monetary and Financial Problems. Letter from the chairman transmitting a report on its activities during the period January 1 to June 30, 1956, pursuant to section 4 (b) (5) of the Bretton Woods Agreements Act. H. Doc. 54, January 17, 1957. 73 pp.
- Departments of State and Justice, the Judiciary, and Related Agencies Appropriations for 1958: Department of State. Hearings before the Subcommittee of the House Committee on Appropriations. January 29 to March 12, 1957. 980 pp.
- United States Defense Policies Since World War II. H. Doc. 100, February 14, 1957. 87 pp.
- Report on Audit of Saint Lawrence Seaway Development Corporation for the Fiscal Year Ended June 30, 1956. H. Doc. 95, February 18, 1957. 19 pp., map.
- South America (Peru, Chile, Argentina, Uruguay, and Brazil). Report on United States foreign assistance programs prepared at the request of the Senate Special Committee To Study the Foreign Aid Program by Former Ambassador David K. E. Bruce (pursuant to S. Res. 285, 84th Cong., and S. Res. 35, 85th Cong.). Survey No. 3, March 1957. 15 pp. [Committee print.]
- Emigration of Refugees and Escapees. Report of the Senate Committee on the Judiciary made by its Subcommittee To Investigate Problems Connected With the Emigration of Refugees and Escapees pursuant to S. Res. 168, 84th Cong., 2d Sess., as extended by S. Res. 84, 85th Cong. S. Rept. 129, March 4, 1957. 10 pp.
- Amendment to the Anglo-American Financial Agreement of 1945. H. Doc. 111, March 6, 1957. 3 pp.
- United States Contributions to International Organizations. Letter from the Secretary of State transmitting the fifth report on the extent and disposition of United States contributions to international organizations for the fiscal year 1956, pursuant to Public Law 806, 81st Congress. H. Doc. 112, March 6, 1957. 86 pp.
- West Berlin Reactor. Hearing before the Joint Committee on Atomic Energy. March 6, 1957. 17 pp.
- Amendment of Anglo-American Financial Agreement. Hearing before the Senate Committee on Banking and Currency on S. J. Res. 72, to implement further the act of July 15, 1946, by approving the signature by the Secretary of the Treasury of an agreement amending the Anglo-American Financial Agreement of December 6, 1945. March 15, 1957. 28 pp.
- Control and Reduction of Armaments. Disarmament and Security in the Middle East. Staff Study No. 6, Subcommittee on Disarmament of the Senate Committee on Foreign Relations. March 17, 1957. 35 pp. [Committee print.]
- Agreement between the United States of America and the Republic of Austria Regarding Certain Austrian Bonds. Message from the President transmitting the agreement between the United States and the Republic of Austria regarding certain bonds of Austrian issue denominated in dollars, together with a related protocol, both signed at Washington on November 21, 1956. S. Exec. H, March 18, 1957. 64 pp.

## Security Council Resumes Consideration of Item on Suez Canal

*Following is a statement made before the Security Council on April 26 by Ambassador Henry Cabot Lodge, U.S. Representative to the United Nations, together with the texts of a letter from Ambassador Lodge to Security Council President Sir Pierson Dixon requesting a meeting of the Council; a letter to U.N. Secretary-General Dag Hammarskjöld from the Egyptian Minister of Foreign Affairs, Mahmoud Fawzi, transmitting an Egyptian declaration on the Suez Canal; and a reply to Dr. Fawzi from Mr. Hammarskjöld.*

### STATEMENT BY AMBASSADOR LODGE, APRIL 26

Press release 249 dated April 26

It will be recalled that the Security Council last met to consider the item before us on October 13 when it unanimously agreed, with the concurrence of Egypt, on six basic requirements that should be met in any Suez Canal settlement.<sup>1</sup> It was also agreed, at the suggestion of the United States, that the Council remain seized of this important matter. The Council thus has a continuing interest in this subject.

For these reasons and in light of the reopening of the Suez Canal, the United States believed it appropriate to request a meeting of the Security Council. On its part, the United States wishes to report briefly to the Council its views regarding the regime proposed for the Suez Canal by Egypt. No doubt other members of the Council will also wish to express their views. In this way, the Council can take note of the situation regarding the Suez Canal.

Late in March the Egyptian Government transmitted to the United States, among certain other governments, a set of proposals to govern the

operation of the Suez Canal.<sup>2</sup> The Government of Egypt requested the United States to comment on its proposals. In response to this request, the United States, without any mandate to represent other users of the canal, made a number of suggestions to the Egyptian Government. These suggestions were designed to facilitate an effective and generally acceptable international agreement in conformity with the six requirements unanimously approved by the Security Council. In addition, the Secretary-General has communicated his observations to the Egyptian Government during the past month.

The Egyptian declaration has now been circulated to the members of the Council. Egypt has requested that its declaration be registered with the United Nations, and the Secretary-General has done so.

The United States has already expressed its views in detail to the Government of Egypt regarding its declaration. In our view, Mr. President, the Egyptian declaration in its present form does not fully meet the six requirements of the Security Council. A fundamental difficulty lies in the fact that there is no provision for "organized cooperation," which is the phrase referred to in the exchange of correspondence of November 3, 1956, between the Secretary-General and the Egyptian Government.<sup>3</sup> In view of this lack of provision for organized and systematic cooperation between Egypt and the users, there is no assurance that the six requirements will in fact be implemented.

Perhaps no final judgment can be made regarding the regime proposed by Egypt until it has been tried out in practice. Therefore any *de facto* acquiescence by the United States must be

<sup>2</sup> Not printed.

<sup>3</sup> U.N. doc. S/3728.

<sup>1</sup> BULLETIN of Oct. 22, 1956, p. 611.



provisional, and we reserve the right to express ourselves further on the matter in the future. Obviously there remain a number of practical arrangements which will have to be worked out in giving effect to the Egyptian declaration. The salient practical fact is that the question of whether confidence among the users of the canal can be established will depend on the manner in which the Egyptian declaration is carried out in practice. Pending settlement with the Universal Suez Canal Company and in view of the possibility of double jeopardy, United States vessels will be authorized to pay Egypt only under protest, as has been the case since last July.

We think that the interests of Egypt and the users would both be served if the arrangements for the canal and its operation are such that governments and private concerns can base their economic and business plans on the assumption that there will in fact be, as there should be, free and nondiscriminatory use of the canal at all times by the ships of all nations.

Finally, Mr. President, we believe the Council should remain seized of this matter while the system proposed by Egypt is given a trial.

#### **AMBASSADOR LODGE'S LETTER REQUESTING COUNCIL MEETING**

Press release 241 dated April 24

**APRIL 24, 1957**

On behalf of the Government of the United States, I request you in your capacity as President of the Security Council to convene a meeting of the Council on Thursday afternoon, April 25, or as soon thereafter as may be convenient, for the purpose of resuming discussion of Item 28 (relating to the Suez Canal) of the list of items of which the Security Council is seized.

During its discussion of this matter last October the Council agreed, by a Resolution adopted unanimously on October 13, that any settlement of the Suez question should meet six basic requirements therein set forth.

About a month ago the Government of Egypt indicated the regime which it desired to apply to the Canal traffic when it should be resumed and requested observations thereon by the Government of the United States.

The United States Government was informed

that the proposals of the Government of Egypt were likewise communicated to the Secretary General.

The Canal is now again open to traffic and we have been informed by the Government of Egypt of its intention to make public its declaration on the conditions applicable to transit.

In these circumstances, the Government of the United States believes that the Council should now meet to take note of the situation regarding passage through the Suez Canal.

#### **FOREIGN MINISTER FAWZI'S LETTER TRANSMITTING EGYPTIAN DECLARATION**

U.N. doc. A/3576, S/3818

**24 APRIL 1957**

The Government of Egypt are pleased to announce that the Suez Canal is now open for normal traffic and will thus once again serve as a link between the nations of the world in the cause of peace and prosperity.

The Government of Egypt wish to acknowledge with appreciation and gratitude the efforts of the States and peoples of the world who contributed to the restoration of the Canal for normal traffic, and of the United Nations whose exertions made it possible that the clearance of the Canal be accomplished peacefully and in a short time.

On 18 March 1957, the Government of Egypt set forth in a memorandum<sup>\*</sup> basic principles relating to the Suez Canal and the arrangements for its operation. The memorandum contemplated a further detailed statement on the subject. In pursuance of the above, I have the honour to enclose a copy of the declaration made today by the Government of Egypt in fulfilment of their participation in the Constantinople Convention of 1888, noting their understanding of the Security Council resolution of 13 October 1956 and in line with their statements relating to it before the Council.

I have the honour to invite Your Excellency's attention to the last paragraph of the declaration which provides that it will be deposited and registered with the Secretariat of the United Nations. The declaration, with the obligations therein, constitutes an international instrument and the Government of Egypt request that you kindly receive and register it accordingly.

**24 APRIL 1957**

#### **DECLARATION**

In elaboration of the principles set forth in their memorandum dated 18 March 1957, the Government of the Republic of Egypt, in accord with the Constantinople Convention of 1888 and the Charter of the United Nations, make hereby the following Declaration on the Suez Canal and the arrangements for its operation.

<sup>\*</sup> Not printed.

### 1. *Reaffirmation of Convention*

It remains the unaltered policy and firm purpose of the Government of Egypt to respect the terms and the spirit of the Constantinople Convention of 1888 and the rights and obligations arising therefrom.<sup>3</sup> The Government of Egypt will continue to respect, observe and implement them.

### 2. *Observance of the Convention and of the Charter of the United Nations*

While reaffirming their determination to respect the terms and the spirit of the Constantinople Convention of 1888 and to abide by the Charter and the principles and purposes of the United Nations, the Government of Egypt are confident that the other signatories of the said Convention and all others concerned will be guided by the same resolve.

### 3. *Freedom of navigation, tolls, and development of the Canal*

The Government of Egypt are more particularly determined:

(a) To afford and maintain free and uninterrupted navigation for all nations within the limits of and in accordance with the provisions of the Constantinople Convention of 1888;

(b) That tolls shall continue to be levied in accordance with the last agreement, concluded on 28 April 1936, between the Government of Egypt and the Suez Canal Maritime Company, and that any increase in the current rate of tolls within any twelve months, if it takes place, shall be limited to 1 per cent, any increase beyond that level to be the result of negotiations, and, failing agreement, be settled by arbitration according to the procedure set forth in paragraph 7 (b).

(c) That the Canal is maintained and developed in accordance with the progressive requirements of modern navigation and that such maintenance and development shall include the 8th and 9th Programmes of the Suez Canal Maritime Company with such improvements to them as are considered necessary.

### 4. *Operation and management*

The Canal will be operated and managed by the autonomous Suez Canal Authority established by the Government of Egypt on 26 July 1956. The Government of Egypt are looking forward with confidence to continued co-operation with the nations of the world in advancing the usefulness of the Canal. To that end the Government of Egypt would welcome and encourage co-operation between the Suez Canal Authority and representatives of shipping and trade.

### 5. *Financial arrangements*

(a) Tolls shall be payable in advance to the account of the Suez Canal Authority at any bank as may be authorized by it. In pursuance of this, the Suez Canal Authority has authorized the National Bank of Egypt and is negotiating with the Bank of International Settlement to accept on its behalf payment of the Canal tolls.

(b) The Suez Canal Authority shall pay to the Government of Egypt 5 per cent of all the gross receipts as royalty.

(c) The Suez Canal Authority will establish a Suez Canal Capital and Development Fund into which shall be paid 25 per cent of all gross receipts. This Fund will assure that there shall be available to the Suez Canal Authority adequate resources to meet the needs of development and capital expenditure for the fulfilment of the responsibilities they have assumed and are fully determined to discharge.

### 6. *Canal Code*

The regulations governing the Canal, including the details of its operation, are embodied in the Canal Code which is the law of the Canal. Due notice will be given of any alteration in the Code, and any such alteration, if it affects the principles and commitments in this Declaration and is challenged or complained against for that reason, shall be dealt with in accordance with the procedure set forth in paragraph 7 (b).

### 7. *Discrimination and complaints relating to the Canal Code*

(a) In pursuance of the principles laid down in the Constantinople Convention of 1888, the Suez Canal Authority, by the terms of its Charter, can in no case grant any vessel, company or other party any advantage or favour not accorded to other vessels, companies or parties on the same conditions.

(b) Complaints of discrimination or violation of the Canal Code shall be sought to be resolved by the complaining party by reference to the Suez Canal Authority. In the event that such a reference does not resolve the complaint, the matter may be referred, at the option of the complaining party or the Authority, to an arbitration tribunal composed of one nominee of the complaining party, one of the Authority and a third to be chosen by both. In case of disagreement, such third member will be chosen by the President of the International Court of Justice upon the application of either party.

(c) The decisions of the arbitration tribunal shall be made by a majority of its members. The decisions shall be binding upon the parties when they are rendered and they must be carried out in good faith.

(d) The Government of Egypt will study further appropriate arrangements that could be made for fact-finding, consultation and arbitration on complaints relating to the Canal Code.

### 8. *Compensation and claims*

The question of compensation and claims in connexion with the nationalization of the Suez Canal Maritime Company shall, unless agreed between the parties concerned, be referred to arbitration in accordance with the established international practice.

### 9. *Disputes, disagreements or differences arising out of the Convention and this Declaration*

(a) Disputes or disagreements arising in respect of the Constantinople Convention of 1888 or this Declaration shall be settled in accordance with the Charter of the United Nations.

<sup>3</sup>For text of Constantinople Convention, see BULLETIN of Oct. 22, 1956, p. 617.

(b) Differences arising between the parties to the said Convention in respect of the interpretation or the applicability of its provisions, if not otherwise resolved, will be referred to the International Court of Justice. The Government of Egypt would take the necessary steps in order to accept the compulsory jurisdiction of the International Court of Justice in conformity with the provisions of Article 36 of its Statute.

#### 10. Status of this Declaration

The Government of Egypt make this Declaration, which re-affirms and is in full accord with the terms and spirit of the Constantinople Convention of 1888, as an expression of their desire and determination to enable the Suez Canal to be an efficient and adequate waterway linking the nations of the world and serving the cause of peace and prosperity.

This Declaration, with the obligations therein, constitutes an international instrument and will be deposited and registered with the Secretariat of the United Nations.

### SECRETARY-GENERAL'S REPLY TO EGYPTIAN LETTER

U.N. doc. A/3577, S/3819

NEW YORK, 24 April 1957

I have the honour to acknowledge the receipt of your letter of 24 April 1957 transmitting for deposit the original of a Declaration dated 24 April 1957 on the Suez Canal and the arrangements for its operation.

Pursuant to your request, the original of the Declaration has been deposited in the archives of the United Nations.

I have noted that the Declaration has also been transmitted for the purpose of registration. I understand that the Government of Egypt consider that the Declaration constitutes an engagement of an international character coming within the scope of Article 102 of the Charter, and therefore registration has been effected in accordance with article 1 of the Regulations to give effect to that Article. The certificate of registration will be forwarded to you in due course.

Your letter together with the Declaration will be circulated as a document of the General Assembly and the Security Council.

### U.S. Delegations to International Conferences

#### South Pacific Commission

The Department of State announced on April 24 (press release 242) that the U.S. Government

will be represented at a Review Conference of the South Pacific Commission, to be convened at Canberra, Australia, on April 30, 1957, by the following delegation:

#### U.S. Delegate

Walter Newbold Walmsley, *chairman*, Deputy Assistant Secretary of State for International Organization Affairs

#### Advisers

Felix M. Keesing, U. S. Senior Commissioner, South Pacific Commission, Department of Anthropology, Stanford University

Knowles A. Ryerson, U.S. Commissioner, South Pacific Commission, College of Agriculture, University of California

Edna Barr, Office of Dependent Area Affairs, Department of State

James A. Boulware, Agricultural Attaché, American Embassy, Canberra

Bolard More, Office of Dependent Area Affairs, Department of State

William L. Yeomans, Office of Territories, Department of the Interior

The purpose of the meeting is to review the work of the South Pacific Commission, to further the cooperation among the six participating governments—Australia, France, Netherlands, New Zealand, the United Kingdom, and the United States—in promoting the economic and social development of the 18 dependent territories of the South Pacific region, including American Samoa, Guam, and the Trust Territory of the Pacific Islands under United States administration, and to make plans for future operations of the Commission. The Review Conference will discuss all aspects of the Commission's work, including substantive, administrative, and financial matters.

Established to promote the economic and social advancement of the peoples within its regional scope, the South Pacific Commission is essentially a consultative and advisory body to the six participating governments. The specific functions of the Commission include: (a) recommending to member governments measures for the development of the area in such fields as agriculture, transportation, industry, health, and education; (b) undertaking research on problems of interest to the area; (c) giving advice on coordinating local projects having regional significance;

and (d) providing technical assistance to member governments and their territories.

#### **Economic Commission for Europe**

The Department of State announced on April 23 (press release 234) that Stanley C. Allyn had been sworn in that day as the U.S. representative to the 12th session of the Economic Commission for Europe (ECE), to be held at Geneva, Switzerland, April 29-May 15, 1957.

Mr. Allyn represented the United States at the 11th session of the ECE in 1956 and was U.S. representative and chairman of the U.S. delegation to the 9th session of the General Conference of the United Nations Educational, Scientific and Cultural Organization (UNESCO), which met at New Delhi last fall.

The Economic Commission for Europe is one of the three regional commissions established by the United Nations to deal with the special economic problems of its area and to contribute to better living standards in the world as a whole. In this connection the ECE initiates and participates in measures to (1) facilitate concerted action for the reconstruction of Europe, (2) raise the level of European economic activity, and (3) maintain and strengthen the economic relations of the European countries both among themselves and with other countries of the world.

The Commission at its 12th session will review the activities of its committees, which cover the fields of agriculture, coal, electric power, housing, industry and materials, inland transport, manpower, steel, timber, and trade. The *Annual Survey of Europe*, as prepared by the secretariat on its own responsibility, will also be reviewed. The *Survey* this year contains special sections on the European transport situation and income distribution in Western Europe.

#### **Mr. Allyn Confirmed To Be U.S. Representative to ECE**

The Senate on April 8 confirmed Stanley C. Allyn to be the representative of the United States to the 12th session of the Economic Commission for Europe of the Economic and Social Council of the United Nations.

#### **GATT Intersessional Committee To Meet at Geneva**

The Department of State announced on April 22 (press release 230) that the 18-member Intersessional Committee of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT), of which the United States is a member, will meet at Geneva beginning April 24.<sup>1</sup> The Committee will discuss the procedures to be followed for the consideration of the European Common Market treaty by the Contracting Parties.

The treaty, signed on March 25 at Rome by France, Germany, Italy, Luxembourg, the Netherlands, and Belgium and now in process of being submitted to parliaments for ratification, provides generally for the economic integration of the six countries through a variety of measures including the removal of tariffs and other restrictions on trade among them.

The GATT Intersessional Committee is also expected to review plans for consulting in June and October with a number of countries maintaining import quotas for balance-of-payments reasons and to handle other matters of a routine nature.

<sup>1</sup> The United States will be represented by Carl Corse, Chief, Trade Agreements and Treaties Division, Department of State, and Stanley Cleveland, Office of European Regional Affairs, Department of State.



## The U.N. Economic Commission for Asia and the Far East

*Following are three statements made by Walter M. Kotschnig, director of the Office of International Economic and Social Affairs, at the 13th session of the U.N. Economic Commission for Asia and the Far East, which met at Bangkok, Thailand, March 18-28. Mr. Kotschnig was the Acting U.S. Representative.*

### TEN YEARS OF ECAFE<sup>1</sup>

Anniversaries are times for reminiscences, and as an old timer in the United Nations I hope I may be allowed to indulge in a bit of personal reminiscing. My mind goes back this morning to the very early beginnings of the United Nations, to Dumbarton Oaks and to San Francisco, where the founding fathers met. At that time there was little interest in economic and social matters. The United States proposal at Dumbarton Oaks for the creation of an economic and social council met with little enthusiasm. One country, here present, opposed the proposal outright at first. In San Francisco some of the smaller and younger countries rather than the big powers urged economic action through the United Nations.

Since then we have witnessed a development which is little short of miraculous. Any United Nations organization chart shows that today two-thirds of all organizational units of the United Nations deal with economic, social, and related matters. Under the Economic and Social Council there are seven functional commissions and three regional commissions. Beyond this there are in the family of the United Nations organizations 10 specialized agencies, the majority of which was created after 1944. The activities of all these bodies have grown by leaps and bounds. All this reflects the basic recognition that the promotion

of the general welfare is essential to the preservation of peace.

### Political and Economic Progress

Progress has been particularly marked in the case of ECAFE. Our organization has been pushing forward and outward persistently and determinedly. It has done so in the face of tremendous difficulties and problems.

The growth of ECAFE coincided with the period of the great movement of independence in the region—the creation of 11 new states, giving no rest to the mapmakers. This great movement has had and continues to have the sympathy and support of the American people and our Government. Those who are given to accusing us of imperialistic designs know little if anything of the American people and their history. The memories of our own struggle for independence are still very much alive. They have made us deeply sympathetic with the struggle for independence of other peoples, as they have helped us to cement our relations and our friendships with our former rulers on a basis of full equality.

The political changes in the region inevitably caused certain economic dislocations which had to be met. But more important than these dislocations was another development of the last 10 years. I refer to what has been called the "revolution of rising expectations."

We have heard it often and it is a fact that the teeming millions are no longer content with their miserable lot. For the first time in history they have realized that they are not eternally doomed to economic misery, to destitution, to sickness and early death.

And again, Mr. Chairman, the American people were aroused in sympathy. They heard the voices of the East, they saw what was happening, and they rejoiced. What is more, they wanted to

<sup>1</sup> Statement made on Mar. 19 at a meeting commemorating the 10th anniversary of the Commission.

help for they believe in the dignity of man and his right to a fuller life. They, along with other nations of the West, dipped into their resources of manpower and capital to assist. Not in order to boast but to convey to you our sense of gratification, we may state that we found it possible between 1946 and 1956 to contribute in different forms close to \$6 billion of public money to the economic and social development of this region in addition to the growing volume of private investment.

Throughout this great resurgence of energy, this drive for a better life, ECAFE grew until by now it has become a major vehicle of the aspirations of the people of Asia and the Far East and an increasingly important tool for their attainment.

ECAFE has grown in size. Every independent state and a few dependencies remaining within the region belong to it. More important than this: ECAFE has grown in wisdom and understanding, in depth and realism. It has made for greater cohesion within the region and for better relations with countries outside the area. It has helped to lay the basis for economic development of the member countries within the region, for developing statistical services essential to an understanding of the problems besetting the region; it has helped to ascertain and define major problem areas; it has advanced the grasp of techniques necessary to meet these problems. Finally, it has helped to give us better perspectives which make for balanced development plans within the region.

In this context I want to pay warm and special tribute to Dr. Lokanathan,<sup>2</sup> whose name will go down in history as the first builder of ECAFE. And may I add that after the few days that we have had here we are fully confident that our new executive secretary, Dr. [C. V.] Narasimham is evidently another man of destiny who will lead our organization to new heights and even more effective work.

#### **Making a Choice for the Future**

And that leads me to the future. The road ahead of all of us is still long and arduous. You know this as well as we do. In the economic area there are no panaceas, no easy solutions.

Many basic issues are still to be hammered out.

<sup>2</sup>P. S. Lokanathan, former executive secretary of ECAFE.

There are still uncertainties in the minds of many as to which form of economy is best suited to their countries. The issue of the relative advantages of a free economy as compared to the totalitarian approach to economic development is not yet fully resolved.

As I stated in the Committee on Industry and Trade a few days ago, my country does not want to impose its own particular ideas and concepts on any country. But I am sure, Mr. Chairman, you will permit me to say that we hope and pray that our friends in the region—and that is every country within the region without exception—will find it advantageous to carry the spirit of freedom, which has led to its political independence, forward into the economic realm.

Each country has to make its own choice. But speaking from our own experience I can only say that the economic growth and health of my country, our high standards of living, are built upon the idea of individual freedom and initiative, the incentive of possible personal achievement, and an equal opportunity for all. These and hard work are the major elements which have made us strong and prosperous.

This in no way implies negation of the responsibility of the state to safeguard the common welfare of all. Our Government has large regulatory powers which it employs in the interest of the community as a whole. And our Government has taken the initiative and helped in the development of certain basic resources—as for instance in the Tennessee Valley water and power development and various high dam systems. Presently our Government is financing a \$100-billion road program to take care of the 40 to 50 million individually owned motor cars which carry our people to work and to recreation.

There are times when the totalitarian approach to economic development may look attractive to countries beset by enormous economic problems and the push of the masses for an early improvement of their lot. In some cases, it is held, quicker results might be achieved by the regimentation of labor or by outright forced labor, by way of forced savings and other means of totalitarian control of the efforts of whole nations. Whether, however, this is a way of building soundly, securely, is another question. Since the spirit of man cannot be fettered and enslaved indefinitely, such regimentation may only lead to later trouble,

to greater tensions, to new upheavals, as we have recently witnessed in Europe, and, as was shown in the case of Hungary, may lead to new ruthless oppressions. At any rate, if we love man, if we believe in his dignity, we can never forget the ghastly cost of the totalitarian approach in terms of human suffering, human lives, and human happiness.

Mr. Chairman, I want to close by congratulating not only ECAFE but also the countries in the region on the progress they have made during the past 10 years. There is a new hope alive in the region, a new spirit of self-reliance, of self-help. Some of us from outside the region are happy that we are able to help a bit. We have done it willingly and gladly. But the real credit is due to yourselves, your enlightened leaders, the hard work of your own people.

Mr. Chairman and fellow delegates, the people and the Government of the United States stand ready to continue to help with expert advice and training and other forms of aid. As we move forward together, we may yet establish in this generation, in our age, a new brotherhood of man in greater happiness and in larger freedom for all.

#### THE ECONOMIC SITUATION IN ASIA<sup>1</sup>

On a motion of my delegation at the Rangoon session of the ECAFE, the Commission decided to open in the future every one of its sessions with a broad debate of the economic situation in Asia, this debate to be based on the annual survey prepared by the secretariat. In retrospect, I believe it can be said that this was a wise decision. From year to year the debate has improved in scope and in depth. It has helped us to gain perspective and to gain a grasp of the interrelatedness of problems we are facing. Certainly, this year we have all been impressed by the quality of the contributions to the debate made by the speakers who have preceded me, and I want to pay tribute to them.

What I have to say can be roughly divided into three parts. The first will deal with the annual survey<sup>2</sup> and some of the major trends in the economic development of the region which it reveals.

<sup>1</sup>Statement made on Mar. 20.

<sup>2</sup>*Economic Survey of Asia and the Far East, 1956* (available at U.N. sales offices; price, \$2.50).

I shall then report briefly, insofar as this is of interest to the countries in the region, on the situation in my own country; and I will conclude with some observations on our foreign economic policy and its impact on the countries in the ECAFE region.

#### The Survey

Let me begin on a positive note. In reading the survey my delegation was pleased to note that 1956 was generally a very good year for the countries of this region. For the region as a whole, food production surpassed previous records. Industrial output in most countries, particularly the processing of agricultural and mineral raw materials, accelerated markedly. Actually this output rose more rapidly for the ECAFE region than in the world as a whole. The level of trade in the aggregate was higher than in 1955, which, you will recall, was also a prosperous trade year.

All this emerges clearly from the lucid text of the annual survey. The secretariat is to be highly commended for its continuing efforts to improve the survey. We particularly wish to commend the secretariat for the preparation of chapter II, which is a maiden effort in surveying the main features of the economic development plans which are now operative or which are under consideration in a number of the countries in the region. We also look with favor on the work which has been done in developing regional indexes.

My Government and my delegation have carefully studied the presentation which is contained in the individual country chapters. Because of our intense interest in this area, we do keep in close touch with developments in the various countries, and, in the light of our own data and analyses, we might have some observations on the treatment which has been given to some countries of the region in the survey. However, I believe, Mr. Chairman, that it would be presumptuous on our part to deal in any specific way with any of these country chapters since we have in our midst fully qualified experts from the countries themselves, some of whom have already pointed out certain deficiencies in the text.

Broadly speaking, we feel that the survey would gain by a greater emphasis on analysis rather than description. Even on the descriptive side, the lack of data for the final months of 1956 re-

duces the value of the report in the case of a number of countries and interferes with the formulation of general conclusions covering the entire region. I recognize, however, that this is probably inevitable. This makes it all the more important that greater emphasis be placed on analysis. In this connection, we are struck to find a certain tendency in some places to confuse a country's goals with its achievements, which is a distinction of some importance.

If I now proceed to a few critical comments on a few specific sections and passages in the report, I hope I shall not be misunderstood. The survey is a remarkable document—better than any previous survey—and none of my comments should be interpreted as an attempt to detract from that fact. My comments are made in a desire to be helpful, to enhance the value of future editions of the survey, and will, I hope, be received in the same spirit.

The introduction includes a statement that "no marked increase in the inflow of private capital was observable, although a few countries modified their regulations to give greater encouragement to private investment." This statement leaves the impression that new regulations to encourage foreign private investment are not effective. Yet we all are aware that in most cases such encouragement as there has been is of recent origin and often still rests on broad statements of policy which have not yet been carried forward in terms of actual administration.

There are various references to foreign aid in the report, but we feel that at times, as for example on page 6, they give a somewhat distorted and misleading picture of the relative importance of aid received from various countries and international organizations.

There appears to be a tendency to attach more importance to promises of future aid and trade agreements, short-term loans, and reciprocal "gifts" than to substantial economic assistance which has been flowing in increasing volume for many years. In this connection, I should point out that table 7 on page 33, showing United States economic aid in the period 1 July 1955 to 30 June 1956, omits economic aid of the category "defense support," that is, economic aid designed to assist in the economic development of certain countries in the ECAFE region which are faced with the necessity of maintaining strong forces

to deter aggression. In spite of the perhaps somewhat obscure term "defense support," aid given under that heading is designed to strengthen the economies of the countries concerned and to assist in their economic development. Under this heading the United States obligated funds totaling \$821 million for eight countries in the ECAFE region for projects involving rehabilitation and expansion of transport, communications, water supplies, irrigation, power, and other types of basic economic development. Such funds are included in Colombo Plan and other international reports describing external aid to this area. To exclude them from the ECAFE report is to understate by several times the assistance given by the United States.

I feel sure that the secretariat will wish to record properly such aid in future ECAFE reports. As for this year, we have asked the secretariat to circulate to the Commission the necessary data to amplify the figures given in the 1956 survey.

The chapter on economic development plans, in our opinion, gives inadequate treatment to the role of the private sector in governmental development plans. The same point was made yesterday by the distinguished delegate of India. The chapter points out the increasing importance of the public sector in plans and programs but fails to point out that the major part of the productive effort in all countries of the region continues to be accounted for by the private sector of the economy. There is sometimes an inclination to think of these activities as being in conflict. We do not share this view. Actually many of the public investment activities of the region, particularly in the establishment of the basic facilities, are designed to support the economic efforts of individuals, groups, and communities. Success in the establishment of basic facilities in the public sector, in fact, makes it possible for private initiative greatly to increase its contributions to the development of the economies of member countries.

I would like to say a word at this point on the efforts of the secretariat to give us a report of developments in the Communist-controlled parts of China. As the Mainland China chapter warns us, the secretariat had to undertake its report on the basis of unverified and unverifiable claims and propaganda statements of the Communist authorities. The result, it is clear, is not satisfactory. A summary of Communist claims, when published



with the factual materials regarding the achievements and problems of the countries of the region, creates an unfair impression of comparability that does not in fact exist. While the qualifications as inserted by the secretariat are obviously essential, there is little which even the most carefully worded introductory statement or footnote can do to remedy this misleading impression.

It is evident that the secretariat cannot hope to sift from the self-seeking propaganda of the Chinese Communists the grudging and intentionally obscured admissions of errors, mistakes, and waste which might introduce a note of realism in the chorus of claims. Apparently to avoid political controversy the secretariat has omitted an appropriate discussion of the human cost of the Chinese Communist system. However, the compulsion and terror of that system is inseparable from its claims of achievement and development.

In the view of my delegation this section of the survey is a mistaken and inevitably unsuccessful effort. It should not be continued. In future surveys the effort devoted to this fruitless undertaking should be concentrated on developments and problems in member countries.

#### **United States Economy Prosperous**

So much for the survey. I would like now to set before the Commission a few significant facts about the economy of the United States. I do so because the prosperity of the United States is a matter of very considerable practical significance for most of the countries of the ECAFE region. Repeatedly in our travels in Asia our people have been asked such questions as: Will the United States continue its present levels of rubber imports? What are the prospects of manganese and burlap? Can the United States supply structural steel on our new bridge projects? Answers to such questions revolve around the prosperity of our many-faceted economy.

The economy of the United States has shown a very high level of prosperity for more than a decade. The rising trend of 1954-55, which was reported to you last year, continued, at a more moderate pace, in 1956. A substantial rise in business activity in the final quarter, coupled with the smaller advances earlier in the year, resulted in a 1956 gross national product (that is, the grand total of the goods and services produced in the United States) estimated at \$412 billion—an in-

crease of \$21.5 billion over 1955. About half of this increase of \$21.5 billion last year, however, was due to rising prices. This inflationary aspect of our prosperity is one which we are watching very carefully for, as our President indicated in his economic report to the Congress in January, our aim is not just prosperity but prosperity with price stability.

Thus, despite some problems to which all sectors of our economy are devoting attention, economic activity in the United States in 1956 was at the highest level ever enjoyed. And we confidently look forward to continued growth in the year ahead.

An important contributing factor to the economic advance in 1956 was the expansion of new productive facilities; capital outlays increased about 20 percent above the 1955 level. This investment strength, particularly notable in equipment expenditures, was all the more remarkable since it followed a similar increase in 1955. Provision for new and better production facilities occurred in virtually all fields of production, transport, and trade but was most marked in manufacturing and public utilities.

This continuation of productive expansion clearly reflects the confidence of U.S. private business and the people of our country in their economy. Contributory to this business confidence are the growing population (which has now reached more than 170 million), our high level of employment (averaging 65 million in 1956), the increasing levels of income and consumer spending, the new vistas opened up by technological developments, and the continuation of sound government policies including a balanced budget and maintenance of a sound currency which lay the base for orderly expansion by our free-enterprise system.

#### **Trade Levels and Policies**

Growing foreign trade and investment were among the expansionary forces of our economy in 1956. Preliminary data show marked increases over 1955 levels in exports and imports of both goods and services. Merchandise shipments abroad, which constitute about three-fourths of our exports of goods and services, were nearly \$3 billion larger than in 1955, reaching a record high of \$17 billion. Goods shipped to the United States rose more than \$1 billion—to a new record high of nearly \$13 billion.

Contributing to the overall increase in U.S. trade in 1956 was our trade with countries of the ECAFE region. Supplying about 13 percent of our imports and also taking about 13 percent of our exports, this trade rose above 1955 levels, 5 percent for imports and 27 percent for exports for 11 months of the year. The increase in our purchases reflected larger shipments, in terms of value, of jute and burlap, tungsten, coconut oil, and textiles and other manufactured goods from Far Eastern sources while at the same time imports of some other commodities such as rubber, tin, and tea showed modest declines. On the U.S. export side, the rise was accounted for by larger shipments of a wide variety of machinery and other manufactures and agricultural commodities.

The prospect for further increases in our trade with countries of the ECAFE region in 1957 is generally favorable. Our high level of economic activity, together with Asian plans for economic development, presage a continued high level of trade beneficial to all concerned.

The United States as a matter of principle believes in and supports a liberal foreign trade policy. We, like other countries here represented, recognize the need to move cautiously, for strong interests and emotions are involved, but the broad pattern of movement is steadily toward more liberalized trade.

In order to further facilitate the growth of trade and in support of multilateral actions taken under the General Agreement on Tariffs and Trade (GATT) and in the interest of lessening trade barriers and discriminatory restrictions, our President has recently called for the prompt enactment of legislation approving U.S. membership in the proposed Organization for Trade Cooperation (OTC).<sup>5</sup> Through this organization, which my Government hopes will soon be established, the GATT can be made a more effective instrument.

Steps taken by my country in 1956 toward expanding world trade include the enactment of a second Customs Simplification Act,<sup>6</sup> increased assistance to exporters and increased credits to foreign countries by our Export-Import Bank, a stepped-up participation in international trade fairs, and the sending abroad of a greater number of trade missions.

<sup>5</sup> BULLETIN of Apr. 22, 1957, p. 657.

<sup>6</sup> For a statement by President Eisenhower on the Customs Simplification Act of 1956, see *ibid.*, Aug. 13, 1956, p. 273.

Shipments of U.S. surplus farm products into the stream of world trade have become increasingly important this past year. Additional surplus sales agreements under U.S. Public Law 480 have been signed with several countries in the ECAFE region, including large ones with India, Pakistan, and Indonesia. Every effort is being made—and as the record shows, successfully—to administer the program with due regard to customary markets abroad, so as not to injure in any way the established markets and trade interests of any country. The true significance of the program lies not only in the fact that it helps to meet or avoid acute famine conditions. It has proved an effective means to counteract inflationary tendencies in countries which are in a state of rapid economic development, resulting in increased purchasing power and consumer demand. The use of counterpart funds, derived from such sales, for development purposes has facilitated the financing of development projects essential to the economic growth of the countries concerned.

#### Investment Developments

I should like next to comment on U.S. investment policies and activities. The United States is endeavoring to expand the flow of private investment funds to other countries—wherever possible as a preferred alternative to Government loans, grants, and other assistance. We believe that, to the extent private investment can provide the needed financial resources in Asian countries, the advantages would be many. Private investment has the virtue of being a thoroughly tested vehicle for the export of managerial and technical know-how in one package. Such investment also facilitates the selection of projects designed to meet essential consumer wants. And it helps to transmit the qualities of innovation and enterprise so fundamental to economic progress. It is for these reasons that my Government continues to stress the importance of private investment and urges other countries to encourage it. Direct private investment is more than financing; it combines finance, knowledge, technical ability, and facilities for training local personnel.

Private U.S. capital investments abroad, which were almost \$1.2 billion in 1955, more than doubled in 1956. Although U.S. investment in the ECAFE region is relatively small compared to that in areas closer to home, it is slowly increasing. And

with additional efforts on the part of countries of the region to develop investment climates conducive to private foreign investment we would hope that this pace could be accelerated.

We continue to negotiate treaties of friendship, commerce and navigation with countries in the region. These treaties are in the nature of specific assurances of fair treatment for nationals of each party who wish to trade, or invest, or run a business enterprise in the other country. This past year the Republic of Korea has joined the group of ECAFE countries which have concluded such treaties with us. Several other countries are now negotiating or considering such treaties. We also stand ready to enter into additional investment guaranty agreements. So far, five such agreements have been concluded with five countries of the region.

The United States has negotiated treaties to avoid double taxation with a number of countries throughout the world, including two in the ECAFE area. In his recent economic message to the Congress the President has called for further facilitating private investment abroad by additional tax treaties which "subject to appropriate safeguards, recognize the [income tax] laws of other countries designed to attract new investment."<sup>7</sup>

As one of the measures to encourage the greater flow of private capital we are continuing to expand and improve our program of advisory and informational services to U.S. businessmen; we are trying to provide them with more and better information on the investment situation of countries of this region. Our trade missions to various countries in the area have been successful not only in developing new trade opportunities but have also found in some areas tangible investment prospects which have been brought to the attention of U.S. businessmen. In this connection I wish to emphasize that our efforts would gain in effectiveness if they were more fully matched by similar promotional activities on the part of the countries of the ECAFE region. Many interested businessmen have told us that they have great difficulty in learning about opportunities to invest abroad, although I am the first to recognize that the situation is improving.

This past year witnessed the inauguration of the

<sup>7</sup> *Ibid.*, Feb. 11, 1957, p. 224.

International Finance Corporation, an affiliate of the International Bank, which provides new opportunities for private enterprise by encouraging equity investments. We are particularly glad to see that so many of the countries of the ECAFE region are participating as members in this new source of development financing and hope that its facilities will be fully utilized.

#### Economic Aid

Continuation of economic assistance to the free nations of the world is a keystone of my Government's efforts to promote peace and well-being for all people. United States aid under our economic and technical cooperation program to countries of the ECAFE region, including the so-called defense support which I mentioned earlier, amounted to about \$950 million in fiscal year 1956 and in fiscal year 1957 will be of the same order of magnitude. In addition, the Export-Import Bank disbursed loans amounting to over \$100 million in 1956, and Public Law 480 agreements made with countries of the region amounted to \$822 million up to the end of 1956.

In addition to these country programs, the President's Asian Economic Development Fund remains available until June 30, 1958, for projects which are beneficial to two or more countries of the region. Notable among such projects now approved or getting under way are the telecommunications projects of Southeast Asia—for which an engineering survey contract has been signed—and the India-Nepal roads project designed to facilitate trade and transit between these two countries. Furthermore, the United States Government has announced that it is prepared to use about \$20 million of this fund for an Asian Regional Nuclear Research and Training Center in Manila.<sup>8</sup> This cooperative project could provide facilities for training and research in the fields of medicine, agriculture, and industry, applying the new techniques of atomic energy.

The United States, through its atoms-for-peace program, is assisting countries throughout the world in their programs for using atomic energy for peaceful purposes. This program includes the exchange of information, assistance in training

<sup>8</sup> For a statement by Assistant Secretary Robertson on the Asian Regional Nuclear Center, see *ibid.*, Dec. 17, 1956, p. 957.



technical personnel, and aid in securing specialized equipment and essential components. Bilateral agreements have now been completed with several countries of the ECAFE region, and it is hoped that this area of cooperation will be extended both by way of bilateral agreements and through the new International Atomic Energy Agency when it comes into existence.

In all of our programs my country is devoted to the development of ever closer working relationships with the countries of the ECAFE region. We wish to see constantly increasing standards of living, and our policies and programs are designed to assist in the achievement of this objective. By working together we believe that the independence, security, and well-being of all our countries can be maintained and strengthened.

#### REPLY TO SOVIET OBSERVATIONS ON ECONOMIC SITUATION\*

The representative of the U.S.S.R. saw fit this morning to make certain direct attacks on my country. In the course of his speech he produced all kinds of misstatements which make a reply on my part mandatory. I am sorry that this has become necessary. In my own speech on "The Economic Situation in Asia" I never mentioned the U.S.S.R., in order to save the Commission from the kind of propaganda and mudslinging which has vitiated so many United Nations debates in the past. But too many statements were made by the representative of the U.S.S.R. which cannot remain unchallenged.

I shall take up only a few.

The representative of the U.S.S.R. found it necessary to launch a violent attack on private investment, which he evidently considers as ruinous and undesirable in any shape or form. The implication of this attack is clear: the representative of the U.S.S.R. recognizes only the Communist form of economy. It is the economy which he wants to impose by every possible means on the region. By contrast, I want to remind you that in my own initial statement I took a much more balanced view. I explicitly recognized the importance of the public sector. I pointed out that both the public and the private sectors are important and have to be cultivated and developed to

achieve maximum results in the interests of the region. I made it clear that we have no intention of imposing our views on this region.

In this connection the representative of the Soviet Union made much over what he calls "foreign monopolies." I submit that it would have been most helpful if he had looked at the realities of today rather than at the yellowed, dog-eared pages of Soviet Communist textbooks and propaganda pamphlets.

Had he looked at realities, he would have known that my Government has established strict controls over the formation of large combinations of business, that we have effective laws to break up any monopolies, and that these laws are effectively applied. We are a "capitalist" country, yes. But our brand of capitalism is a *social* capitalism, and more and more of our workers—millions of them—share in our business enterprises.

As was pointed out so cogently by the representative of the United Kingdom, it does not behoove the representative of the U.S.S.R. to speak of monopolies in the Western World, for he represents the most complete monopoly, the most pervasive monopoly, the world has ever seen. It is a monopoly which does not only control or, rather, own the economy of his country, but it is a monopoly which has deprived every individual in his country of his basic freedoms and which controls him body and soul. In their foreign politico-economic programs, the small group of leaders of this monopoly can change the direction of their trade by a stroke of the pen, and woe to those countries which have become dependent on the U.S.S.R. and dare to have any ideas of their own. There is no security for them either economic or otherwise, no assurances that they will be allowed to develop their economies in their own interest.

The representative of the U.S.S.R. said that his country does not look for profit. He is right in the sense that the rulers of the U.S.S.R. do not look for profit *alone*. They look for economic and political domination. In the satellite countries of Eastern Europe they have perverted the economic development of the Eastern European states to suit the ends and interests of the Soviet Union. They forced them to develop certain types of industries which these states did not want and which are designed primarily to support the Soviet Union. The consumers in these countries—Poland and Hungary, and others—

\* Statement made on Mar. 23.



were left in a pitiable state of unmet needs. At this point I could quote at length from statements made by Communist leaders such as Gomulka and Lange in Poland, who had the courage to speak up against the encroachments of Soviet communism in the interests of their countries. I could quote from Hungarian leaders, Communists themselves, telling the same sorry story. Some of these leaders are dead, felled by Russian arms, but their words live on.

The monopolists of Moscow have created so-called joint companies in what they consider their dependencies. These companies serve to channel the profits of economic progress in such countries as Rumania and Yugoslavia to the Soviet Union. Marshal Tito and others had much to say on this subject at different times. One of Marshal Tito's first acts after he had regained freedom for his country was to liquidate these companies.

The representative of the U.S.S.R. also enlarged on the benefits of U.S.S.R. trade with the region. He gave the impression that the future of this region depended to a large extent on this trade. We have no objection to such trade, even if we had the right to object in the case of countries which do not stand formally condemned for aggression. But to show up the real importance of this Soviet trade, I will quote only two figures culled from official ECAFE statistics. These statistics show that the trade of all of Eastern Europe, including the U.S.S.R., with the region based on trade figures for the first half of 1956 and computed at the annual rate amounted to \$220 million for the year 1956. The trade of the U.S.S.R. alone amounted to a pitiful \$40 million. The trade of the United States alone with the region in the same period amounted to approximately \$3.4 billion, according to ECAFE figures. Later figures of my Government show that our trade for 1956 with the region amounted to approximately \$3.9 billion. This is just about 100 times greater than the trade of the Soviet Union.

The representative of the U.S.S.R. also waxed most indignant when he spoke about "military aid" by the United States to the region. All I can say is that his statements on this subject presented a deliberate perversion of fact.

I did *not* speak of our "military aid," which is substantial and designed to give the countries of the region a measure of security which will enable them to build up and develop their economies

peacefully and in freedom, and to raise the standard of living of their people without fearing that they might become victims of totalitarian oppression. I did not speak of this aid. I spoke about "defense support," which is something quite different. Defense support is essentially economic aid. It means new roads and other transport facilities, water and irrigation developments, support for the creation and development of new industries. It means work for large numbers of workers and a general incentive to economic development. I am grateful to the representative of Viet-Nam for already having pointed this out.

The remarks of the representative of the U.S.S.R. were far off the point. I can only conclude that my own dispassionate remarks on this subject were such a source of embarrassment to the representative of the U.S.S.R. that he lost all sense of perspective and direction. I am sorry I embarrassed him.

In conclusion, I again regret that I had to enter into this discussion. We have differences with the U.S.S.R., but they should not be fought out on the backs of the toiling masses, the peoples of this great continent, and they should not interfere with our work here. But I had to set the record straight. Basic issues are involved, and the least we can, we must, do is to put before the peoples of Asia and the Far East clear-cut, unvarnished, and verifiable facts so that they may act in full knowledge of the facts and choose wisely as they feel their way, *their* way, toward a greater future.

## Current U.N. Documents: A Selected Bibliography

### Trusteeship Council

- Financing of the Economic Development Plans of the Trust Territory of Somaliland Under Italian Administration. T/1296, January 30, 1957. 128 pp. mimeo.
- Examination of the Annual Report on the Administration of the Cameroons Under British Administration, 1955. T/1302, March 6, 1957. 9 pp. mimeo.
- Examination of Conditions in the Trust Territory of the Cameroons Under French Administration. T/L.736, March 7, 1957. 31 pp. mimeo.
- Examination of Annual Reports. Observations by the United Nations Educational, Scientific and Cultural Organization concerning the annual reports for 1955 on the Trust Territories of Tanganyika, Ruanda-Urundi, the Cameroons under British Administration, the Cameroons under French Administration and Togoland under British Administration. T/1304, March 12, 1957. 71 pp. mimeo.
- Agenda of the Nineteenth Session of the Trusteeship Council. T/1306, March 14, 1957. 3 pp. mimeo.

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

##### Finance

Articles of agreement of the International Finance Corporation. Done at Washington May 25, 1955. Entered into force July 20, 1956. TIAS 3620.

*Signature:* Union of South Africa, March 26, 1957.

*Acceptances deposited:* Union of South Africa, April 3, 1957; Chile, April 15, 1957.

##### International Court of Justice

Statute of the International Court of Justice (59 Stat. 1055).

*Declaration recognizing compulsory jurisdiction deposited:* Sweden, April 6, 1957.<sup>1</sup> Effective for a period of 5 years from that date, and thereafter for successive 5-year periods subject to notice of abrogation at least 6 months before the expiration of any such period.

##### Trade and Commerce

Agreement on the Organization for Trade Cooperation. Done at Geneva March 10, 1955.<sup>2</sup>

*Signature:* Denmark, April 5, 1957.

Protocol amending part I and articles XXIX and XXX of the General Agreement on Tariffs and Trade. Done at Geneva March 10, 1955.<sup>2</sup>

*Signature:* Denmark, April 5, 1957.

Protocol amending the preamble and parts II and III of the General Agreement on Tariffs and Trade. Done at Geneva March 10, 1955.<sup>2</sup>

*Signature:* Denmark, April 5, 1957.

Protocol of organizational amendments to the General Agreement on Tariffs and Trade. Done at Geneva March 10, 1955.<sup>2</sup>

*Signature:* Denmark, April 5, 1957.

Procès verbal of rectification concerning the protocol<sup>1</sup> amending part I and articles XXIX and XXX, the protocol<sup>2</sup> amending the preamble and parts II and III, and the protocol<sup>3</sup> of organizational amendments to the General Agreement on Tariffs and Trade. Done at Geneva December 3, 1955.<sup>2</sup>

*Signature:* Denmark, April 5, 1957.

#### BILATERAL

##### Germany

Agreement on the model contract containing standard contract clauses referred to in article 16 of the agreement of April 4, 1955, relating to offshore procurement (TIAS 3755). Effected by exchange of notes at Bonn April 4, 1955. Entered into force February 7, 1957.

##### Guatemala

Research reactor agreement for cooperation concerning civil uses of atomic energy. Signed at Washington August 15, 1956.

<sup>1</sup> Applicable only in respect of disputes arising with regard to situations or facts subsequent to Apr. 6, 1947.

<sup>2</sup> Not in force.

Examination of Annual Reports. Observations by the United Nations Educational, Scientific and Cultural Organization concerning the annual report for 1955 on the Trust Territory of Togoland under French Administration. T/1304/Add.1, March 21, 1957. 9 pp. mimeo.

Examination of Conditions in the Trust Territory of Togoland Under French Administration. T/L.740, March 25, 1957. 23 pp. mimeo.

Examination of Conditions in the Trust Territory of the Cameroons Under French Administration, Annex to the Outline of Conditions. T/L.736/Add.1, March 26, 1957. 6 pp. mimeo.

Committee on Rural Economic Development of the Trust Territories. Study of Population, Land Utilization and Land System in Ruanda-Urundi. T/AC.36/L.60, March 26, 1957. 130 pp. mimeo.

Administrative Unions Affecting Trust Territories. Report of the Standing Committee on Administrative Unions. T/L.741, March 28, 1957. 5 pp. mimeo.

#### Economic and Social Council

Economic Commission for Asia and the Far East. Committee on Industry and Trade. Official records. Eighth session, 24-31 January 1956. E/CN.11/I&T/124, June 18, 1956. 196 pp. mimeo.

Economic Commission for Latin America. Payments and Trade in Latin America. Current Problems. E/CN.12/C.1/3, August 12, 1956. 83 pp. mimeo.

Economic Commission for Latin America. Inter-Latin-American Commodity Trade in 1954 and 1955. Situation and Prospects in 1956. E/CN.12/C.1/5, August 15, 1956. 102 pp. mimeo.

Economic Commission for Asia and the Far East. Inland Transport Committee. Sixth session, 15-21 January 1957. Bangkok, Thailand. Library Service. E/CN.11/Trans/122, November 9, 1956. 9 pp. mimeo.

Economic Commission for Latin America. Trade Committee. First session, Santiago, Chile, 19-29 November 1956. E/CN.12/C.1/7/Rev. 1, December 2, 1956. 78 pp. mimeo.

Economic Commission for Asia and the Far East. Activities in the Field of Flood Control and Water Resources Development. December 1955-November 1956. E/CN.11/440 (E/CN.11/Flood/16), December 27, 1956. 17 pp. mimeo.

Economic Commission for Asia and the Far East. UNESCO Activities in 1956 and Work Plans for 1957 of Interest to the Economic Commission for Asia and the Far East. Report by the United Nations Educational, Scientific and Cultural Organization. E/CN.11/442, January 28, 1957. 24 pp. mimeo.

Economic Commission for Asia and the Far East. Committee on Industry and Trade. Report of the Inter-Secretariat Working Party on Trained Personnel for Economic Development (Sixth Meeting) to the Committee on Industry and Trade (Ninth Session). E/CN.11/I&T/131, February 5, 1957. 84 pp. mimeo.

Economic Development of Under-Developed Countries. Co-operatives. Report by the Secretary-General under Economic and Social Council resolution 512.C.II (XVII). E/2950, February 6, 1957. 54 pp. mimeo.

United Nations Sugar Conference 1956. International Sugar Agreement of 1953 as amended by the protocol opened for signature at London on 1 December 1956. E/Conf.22/8, February 7, 1957. 24 pp. printed.

Commission on the Status of Women. Part-Time Employment. Report prepared by the International Labor Office. E/CN.6/299, February 7, 1957. 5 pp. mimeo.

Commission on the Status of Women. The Employment of Older Women Workers. Report prepared by the International Labor Office. E/CN.6/298, February 7, 1957. 44 pp. mimeo.

Economic Commission for Asia and the Far East. United Nations Technical Assistance in Asia and the Far East 1956. E/CN.11/443, February 8, 1957. 25 pp. mimeo.

*Entered into force:* April 22, 1957 (day on which each Government received from the other written notification that it had complied with statutory and constitutional requirements).

#### Japan

Agreement providing for Japan's financial contributions for United States administrative and related expenses during the Japanese fiscal year 1957 under the mutual defense assistance agreement of March 8, 1954 (TIAS 2957). Effected by exchange of notes at Tokyo April 19, 1957. Entered into force April 19, 1957.

#### Korea

Air Transport Agreement. Signed at Washington April 24, 1957. Entered into force April 24, 1957.

#### United Kingdom

Agreement amending the agreement of July 21, 1950, relating to the Bahamas Long Range Proving Ground (TIAS 2099). Effected by exchange of notes at Washington April 1, 1957. Entered into force April 1, 1957.

### DEPARTMENT AND FOREIGN SERVICE

#### Confirmations

The Senate on April 8 confirmed Francis H. Russell to be Ambassador to New Zealand. (For biographic details, see press release 171 dated March 22.)

The Senate on April 17 confirmed Gerald A. Drew to be Ambassador to Haiti. (For biographic details, see press release 158 dated March 18.)

#### Designations

Otto F. Otepka as Deputy Director, Office of Security, effective April 7.

Howard P. Jones as Deputy Assistant Secretary for Far Eastern Affairs, effective April 21.

#### Resignations

Joseph Simonson as Ambassador to Ethiopia. (For text of Mr. Simonson's letter to the President and the President's reply, see White House press release dated April 11.)

### PUBLICATIONS

#### Recent Releases

*For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D. C. Address requests direct to the Superintendent of Documents, except in the case of free publications, which may be obtained from the Department of State.*

**Foreign Affairs.** Pub. 6443. General Foreign Policy Series 113. 12 pp. Limited distribution.

A pamphlet containing excerpts from President Eisenhower's state of the Union message, January 10, 1957.

**Highlights of Foreign Policy Developments—1956.** Pub. 6451. General Foreign Policy Series 115. 19 pp. 15¢.

A new release in the *Background* series prepared as a readily accessible source for reference to some of the major events and pronouncements affecting U.S. foreign policy during calendar year 1956.

**NATO—Its Development and Significance.** Pub. 6467. General Foreign Policy Series 116. 61 pp. 30¢.

A pamphlet giving information concerning the origin, purposes, organization, and accomplishments of the North Atlantic Treaty Organization. Two appendixes contain the texts of the Report of the Committee of Three on Non-Military Co-operation in NATO and the North Atlantic Treaty.

**The General Agreement on Tariffs and Trade—Negotiations Under the Trade Agreement Act of 1934 as Amended and Extended.** Pub. 6470. Commercial Policy Series 162. 9 pp. Limited distribution.

A pamphlet giving notice of U.S. intention to negotiate with certain contracting parties to the General Agreement on Tariffs and Trade, a list of products to be considered, and notice of public hearings by the Committee for Reciprocity Information.

**Surplus Agricultural Commodities.** (Corrected print.) TIAS 3697. 5 pp. 5¢.

Agreement between the United States of America and Turkey—Signed at Ankara November 12, 1956. Entered into force November 12, 1956.

**Passport Visas.** TIAS 3743. 4 pp. 5¢.

Agreement between the United States of America and Ceylon. Exchange of notes—Dated at Colombo August 25 and September 7, 1956. Entered into force September 7, 1956.

May 13, 1957

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## Check List of Department of State Press Releases: April 22-28

Releases may be obtained from the News Division, Department of State, Washington 25, D. C.  
Release issued prior to April 22 which appears in this issue of the BULLETIN is No. 192 of April 5.

No.	Date	Subject
230	4/22	GATT Intersessional Committee (rewrite).
†231	4/22	FSI Advisory Committee (rewrite).
*232	4/22	Educational exchange.
233	4/22	U.S.-Sudan communique on Richards talks.
234	4/23	U.S. representative to 12th session of ECE (rewrite).
235	4/23	Richards press statement, Yemen.
236	4/23	U.S.-Ethiopia communique on Richards talks.
237	4/23	Dulles: news conference.
†238	4/24	Air transport agreement with Korea.
239	4/24	U.S. note to Laos.
†240	4/24	Kalijarvi: "The Road Ahead for Foreign Trade Policy."
241	4/24	Lodge letter requesting Security Council discussion of Suez Canal.
242	4/24	Delegation to South Pacific Commission review conference (rewrite).
†243	4/24	Delegation to NATO Ministerial Meeting.
*244	4/24	Inter-American Committee of Presidential Representatives.
245	4/24	Rountree: "The Middle Eastern Policy of the United States."
†246	4/25	Berding: "The Public Relations of Dynamic Peace."
247	4/25	Visit of President Diem of Viet-Nam (rewrite).
†248	4/25	U.S. reply to Hungarian note on Capt. Gleason.
249	4/26	Lodge: statement on Suez Canal.

\*Not printed.

† Held for a later issue of the BULLETIN.





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